



GSA Public Buildings Service



state of the

portfolio

fy2005



Richard Bolling Federal Building Kansas City, MO

state of the **portfolio**
fy2005



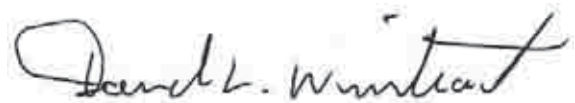
commissioner's
letter
david winstead

One of my top priorities since joining the Public Buildings Service (PBS) in 2005 has been advancing the President's Management Agenda (PMA), particularly in the area of Real Property Asset Management. I am pleased to report that our agency has become a recognized leader in implementing the President's Executive Order on Real Property Asset Management and has taken a prominent role on the Federal Real Property Council, becoming the first agency recognized by the Administration for achieving "Green" status on the PMA scorecard.

In FY2005 alone, PBS demonstrated results in meeting the President's right-sizing goals for real property asset management outlined in the PMA by:

- Achieving 80 percent of the assets realizing a positive Funds From Operations;
- Disposing of 29 vacant or underutilized properties;
- Improving asset utilization to 93.2% in government owned assets and 98.8% in leased assets;
- Improving the condition of our inventory with over 76% of assets meeting the FRPC standards for facility condition;
- Operating buildings at the appropriate costs with PBS cleaning, maintenance, and utility expenses 10.5% below private sector BOMA benchmarks.

To remain "Green," we must continue reshaping our inventory through portfolio restructuring and core asset initiatives. This will allow us to provide value to our customer agencies by improving the condition and quality of space, and demonstrate results in right-sizing our portfolio for stakeholders. There is a great deal of exciting work ahead of us in the coming fiscal year and I am confident that together we can get the job done.





assistant
commissioner's
letter
william matthews

In FY2005, the Public Buildings Service (PBS) continued to make progress in adding value to its portfolio for customer agencies and taxpayers. This commitment has led to continued improvement in our government-owned portfolio. Since FY 2002, we have:

- Reduced the percentage of underutilized and non-performing assets from 42 percent to 26 percent;
- Increased the number of Tier 1, financially performing assets by over 21 percent;
- Increased the percentage of rentable square feet of financially performing assets from 67 to 74 percent;
- Achieved 74 percent of the assets earning at least 6 percent Return on Equity;
- Achieved 80 percent of the assets realizing a positive Funds From Operations;
- Reduced vacant space from 9.2 to 6.8 percent, below the 2005 industry average of 12.5 percent;
- Demolished 50 buildings and reported excess 205 assets, and as a result, eliminated 3.1 million rentable square feet of vacant space and achieved a cost avoidance of \$383 million in capital reinvestment needs.

PBS's asset management focus and restructuring continue to guide our decision-making. Each year, periodic monitoring and sophisticated analysis lead us closer to our goal of a financially self-sufficient portfolio of owned assets for which there is a long-term Federal need.

In FY2005, PBS refined its asset management process to better align with the Federal Real Property Council's performance measures. We launched an initiative to assign holding periods for each government-owned asset and to identify our core assets based upon asset utilization, customer need, and mission dependency. Core asset identification, in concert with the annual financial tiering process, will better position us to meet our objectives of identifying assets for disposal and reinvestment, in order to improve the utilization, operating efficiency and condition of our inventory.


With tighter budgets and closer scrutiny by stakeholders, we have had to focus on demonstrating value. The portfolio strategy directly addresses this issue for our owned inventory and we are now seeing the benefits in lower costs, better performance and improved utilization. Another area which might yield similar results, but which has not been resourced and studied, is the leased inventory. In the future, we need to take on a more proactive, disciplined approach to lease asset management with the same level of sophistication in our analysis as we have developed with the owned portfolio. In FY2005, we began working on ways to value leases over their life, not just at the point of award. This involves analyzing market trend data, tiering our leases, and evaluating current versus future market rents.

As we move ahead, the solutions will not always be obvious and the analysis will be challenging, but with the growing size of our leased inventory, I believe the effort is worth the cost.

William H. Matthews

assistant commissioner's letter





Robert F. Kennedy Justice Building Washington, DC

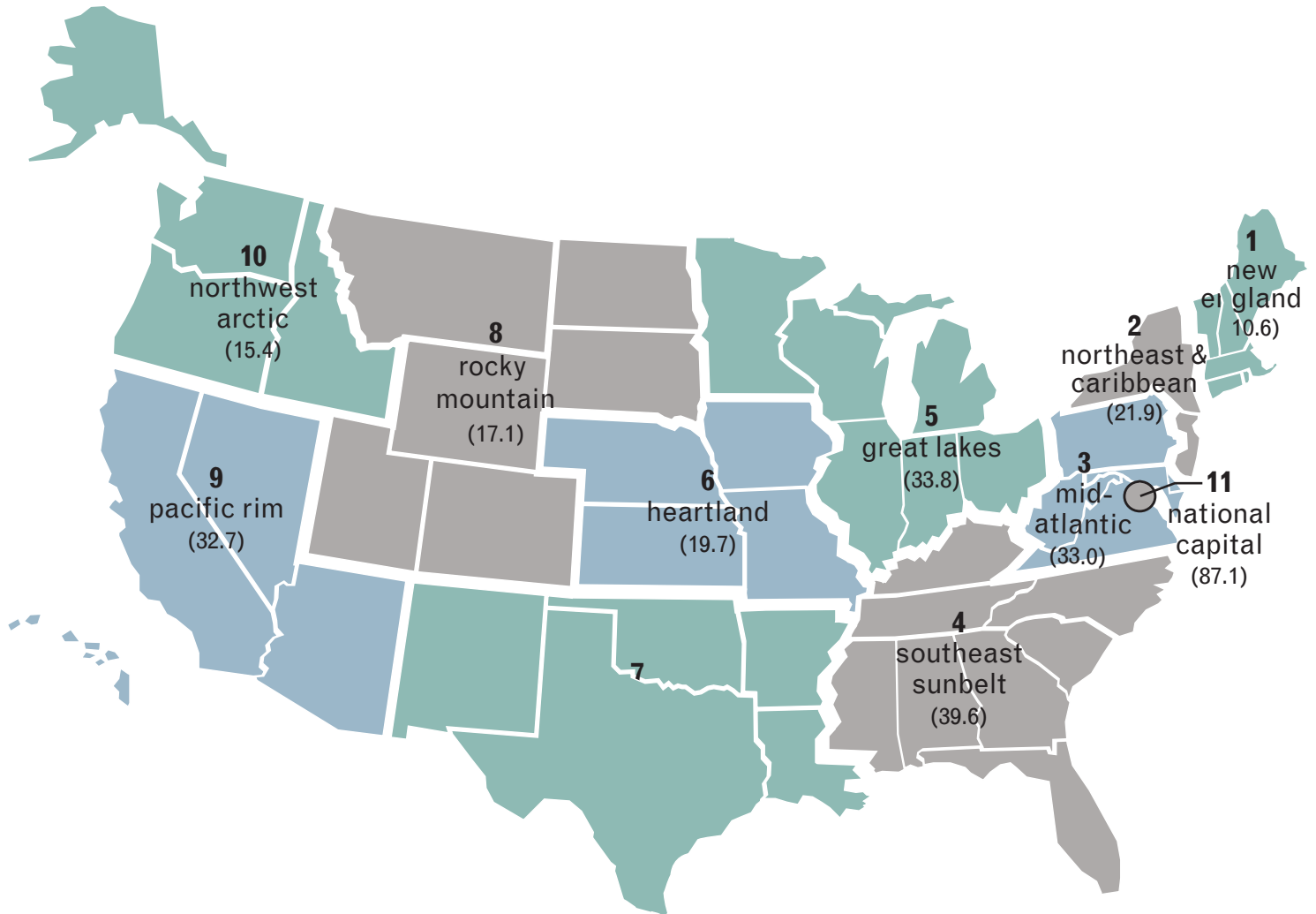
state of the portfolio
overview

overview

The Public Buildings Service (PBS) is one of the largest public real estate organizations in the world. The PBS inventory consists of 8,920 assets with over 342 million square feet of rentable space across all 50 states, 6 U.S. territories, and the District of Columbia. We serve approximately 1 million federal employees at 59 different agencies. Our portfolio consists primarily of office buildings, courthouses, border stations, and warehouses. The portfolio is managed by our 11 regional offices located throughout the country and our Central Office located in Washington, DC. The following map shows our 11 regions and the rentable square footage (rsf) associated with each region.

rentable square footage by region

in millions (see table 1, page a.3)

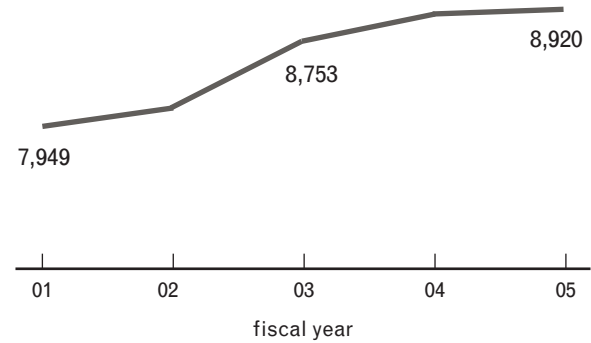


Despite the addition of 26 assets in FY2005, the total rsf fell by 1.2 million due to the disposal of several owned assets, including a large warehouse facility, while adding smaller leased assets.

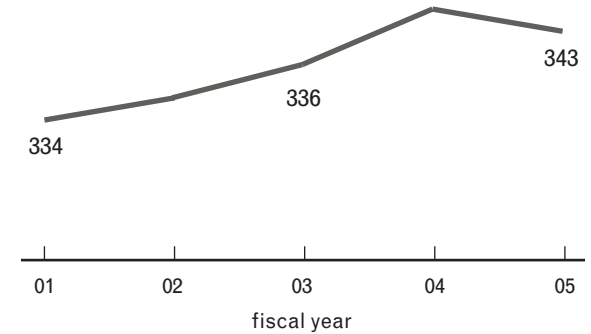


Howard W. Metzenbaum U.S. Courthouse Cleveland, OH

number of assignable assets*



rentable square footage*
in millions



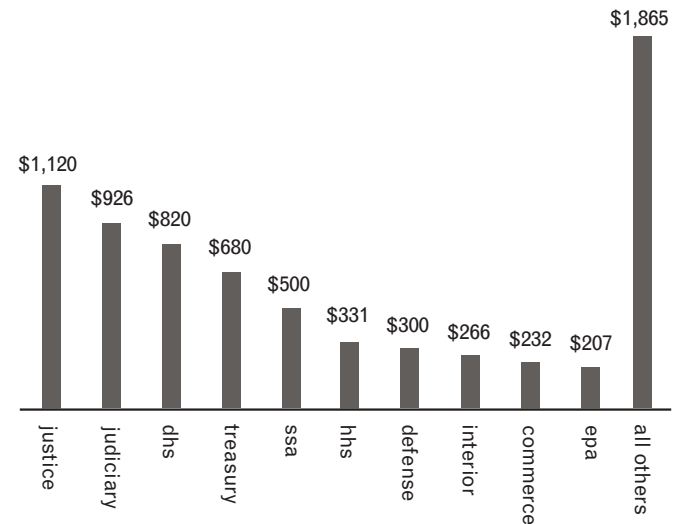
* Source: September R240 report (2001-2005)

PBS has 20,849 space assignments, or Client Billing Records (CBRs), in our buildings. While we provide space for agencies across the country, the majority of our square footage is concentrated in large commercial markets such as Washington, DC, New York, Chicago, Atlanta and Los Angeles. Our top 10 customers represent over 74 percent of the rent billed and occupy 73 percent of the billed square feet. The chart to the right lists our largest customer agencies by annual rent.

PBS assets are either government-owned properties or properties leased from the private sector. The government-owned rsf has remained relatively stable over the last 40 years. In contrast, leased rsf has more than tripled during the same period, increasing from 43 million rsf in 1965 to 167 million rsf in 2005. If this trend continues, our leased inventory will surpass our owned inventory within 3 years.

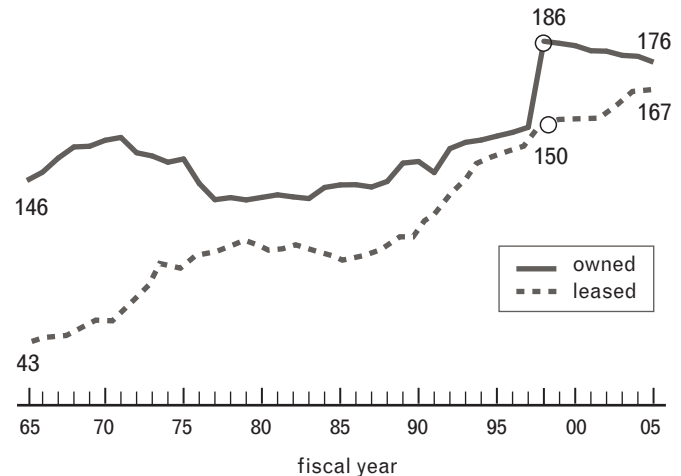
core customers annual rent

in millions (see table 5, page a.7)



square footage trends*

in millions



* Source: September R240 report. GSA changed space measurement from occupiable to rentable in 1997, which explains the large increase in owned space.

overview fy05 results

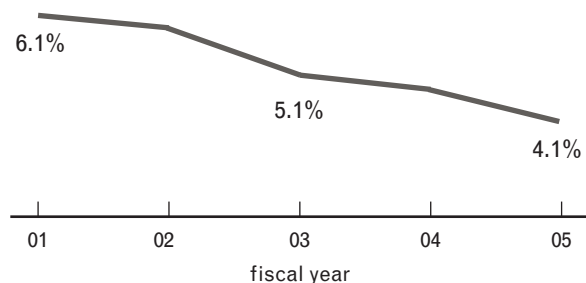
Emanuel Celler U.S. Courthouse Brooklyn, NY



Although PBS is a government agency, we operate much like private sector real estate organizations. We have adopted a number of asset management practices from private industry. We track financial indicators such as Return On Equity (ROE), revenue, operating expenses, overhead, Funds From Operations (FFO), and Net Operating Income (NOI) and compare them against private sector benchmarks and prior performance. FFO is our primary indicator of financial performance. It is the amount of revenue remaining after deducting all day-to-day expenses associated with operating owned and leased buildings.

Although our revenue only increased by \$35 million in FY2005, FFO increased by \$151 million. The \$116 million difference represents improvements in operational efficiency, benefits from restructuring and lower vacancy rates. PBS

vacancy rates*

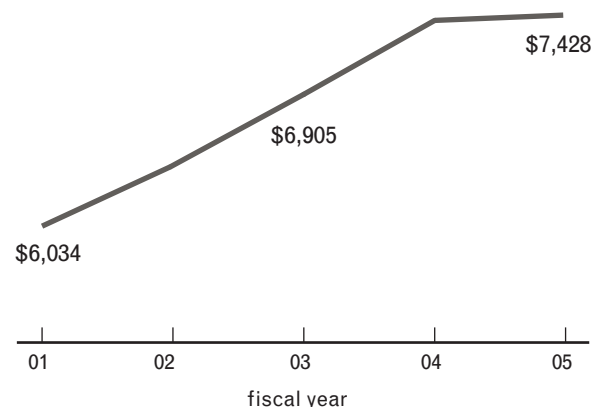


* Source: 9/01-9/05 Vacant Space Report

reduced the vacancy rate of its inventory to a record low of 4.1 percent, which compares favorably to the private sector nationwide average of 12.5 percent.

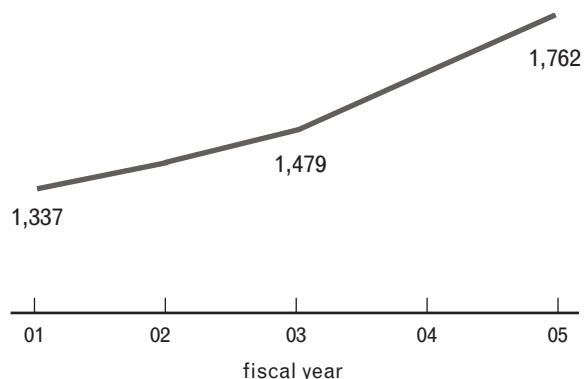
direct revenue

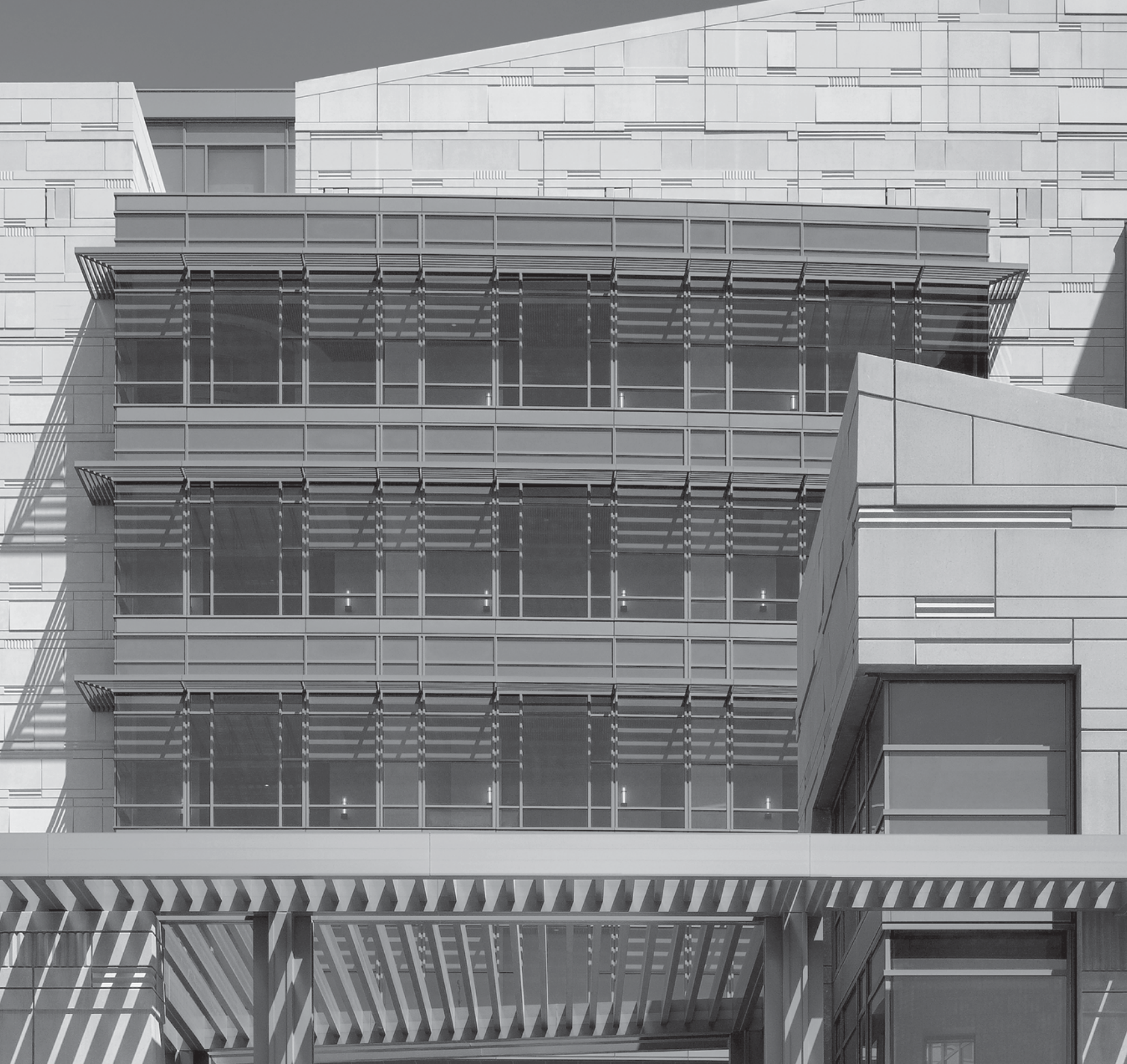
in millions (see table 8, page a.12)



funds from operations (ffo)

in millions (see table 8, page a.12)







Federal Building and Courthouse Fresno, CA

state of the

owned portfolio

owned

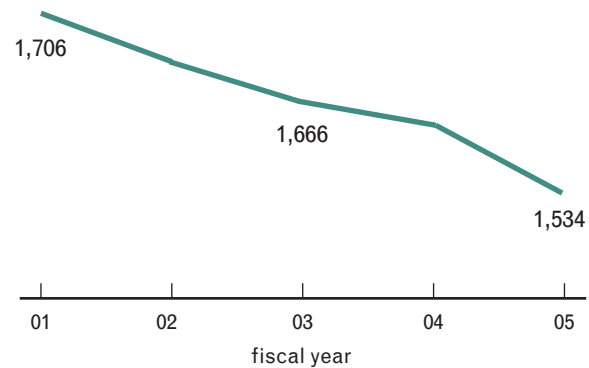
Each fiscal year PBS receives budget authority to operate, maintain, and repair federal buildings. Our goal is to ensure a safe and professional environment for federal workers and to maintain the appearance and value of each building for our taxpayers. Unfortunately, due to the age of our owned assets and budgetary realities, the reinvestment needs of the portfolio have significantly outpaced the available reinvestment funding. PBS recognizes that budget constraints prevent additional appropriations that would help reduce reinvestment liabilities.

We target our reinvestment dollars selectively at the asset level, based on customer need, market conditions, financial performance, cumulative reinvestment needs, and historical and architectural significance. Additionally, we dispose of under-utilized assets that no longer meet customer needs, often with capital requirements and operating expenses that can be eliminated. Reducing excess properties and poorly performing assets improves PBS's ability to fund the reinvestment requirements of the remaining assets that are the core of the PBS portfolio.

In FY2002, PBS began a restructuring initiative to create a self-supporting portfolio of assets that generates enough revenue to recover operating costs and fund reinvestment requirements. At the end of FY2005, we demonstrated four consecutive years of improvement in every performance measure and exceeded performance benchmarks from both the private sector and other government agencies. The graphs show restructuring has reduced the number of owned assets and rsf. The majority of the decrease in square footage is the result of two warehouse facilities, Middle River and the Fort Worth Federal Center, being accepted by disposal, reducing our owned space by 2.3 million rsf.

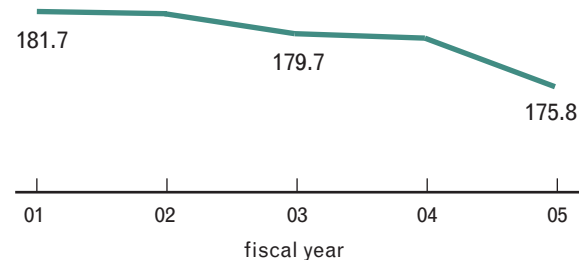
Despite our success in implementing restructuring, we still face tough reinvestment choices. When PBS began restructuring in 2002, we allocated resources to a broader range of assets and it was relatively easy to identify assets we

number of assignable assets*



rentable square footage*

in millions



* Source: September R240 report (2001-2005)

could no longer fund. Today we must make reinvestment choices between assets that are more comparable. At the end of FY2005, we further refined our asset management model and set new performance goals that will guide our decision making through the end of FY2008.

owned inventory

by construction era



U.S. Courthouse
Savannah, GA

historic

1800-1941

rsf	46.2 million
assets	376
fy05 ffo	\$383.8 million
ffo/rsf	\$8.30
vacant rsf	4.8 million
vacancy rate	10.4%



Building 40, Presidio
San Francisco, CA

world war II

1942-1945

rsf	8.4 million
assets	114
fy05 ffo	\$25.7 million
ffo/rsf	\$3.00
vacant rsf	1.0 million
vacancy rate	11.7%

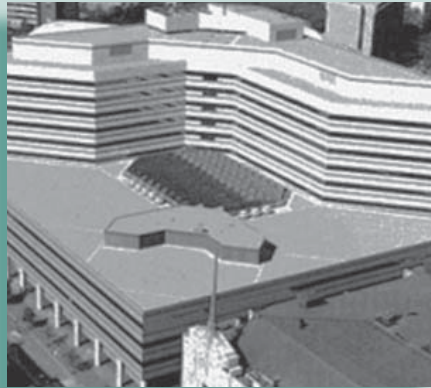
1800

1940

1946



Chet Holifield Federal Building
Laguna Niguel, CA



Thomas P. O'Neill, Jr. Federal Building
Boston, MA



U.S. Courthouse
Erie, PA

great society

1946-1979

rsf	83.4 million
assets	554
fy05 ffo	\$785.9 million
ffo/rsf	\$9.40
vacant rsf	5.3 million
vacancy rate	6.4%

contemporary

1980-1993

rsf	11.9 million
assets	172
fy05 ffo	\$148.9 million
ffo/rsf	\$12.50
vacant rsf	0.5 million
vacancy rate	3.9%

design excellence

1994-present

rsf	25.9 million
assets	316
fy05 ffo	\$343.1 million
ffo/rsf	\$13.30
vacant rsf	0.4 million
vacancy rate	1.4%

1960

1970

1980

1990

2005

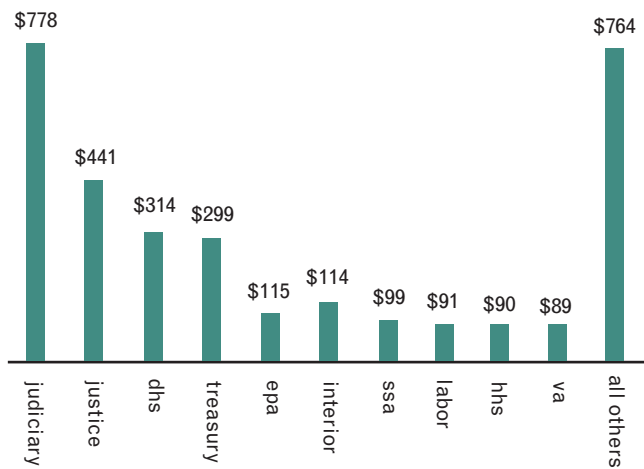
customer segmentation

Since the creation of GSA more than 56 years ago, customer missions and needs shifted, rendering parts of our portfolio obsolete. While most agencies have decreased their holdings in GSA government-owned space due to downsizing or have chosen to exercise their own real estate authority, the Judiciary has increased its square footage every year since 1999 and the Department of Homeland Security (DHS) has consistently increased its owned-space holdings since its creation in 2003.

Customer segmentation reveals that the Judiciary remains our largest tenant in government-owned space, followed by the Justice Department, DHS and the Treasury Department. These agencies occupy 50 percent of owned space and provide 57 percent of our revenue.

owned core customers annual rent

in millions (see table 14, page a.17)

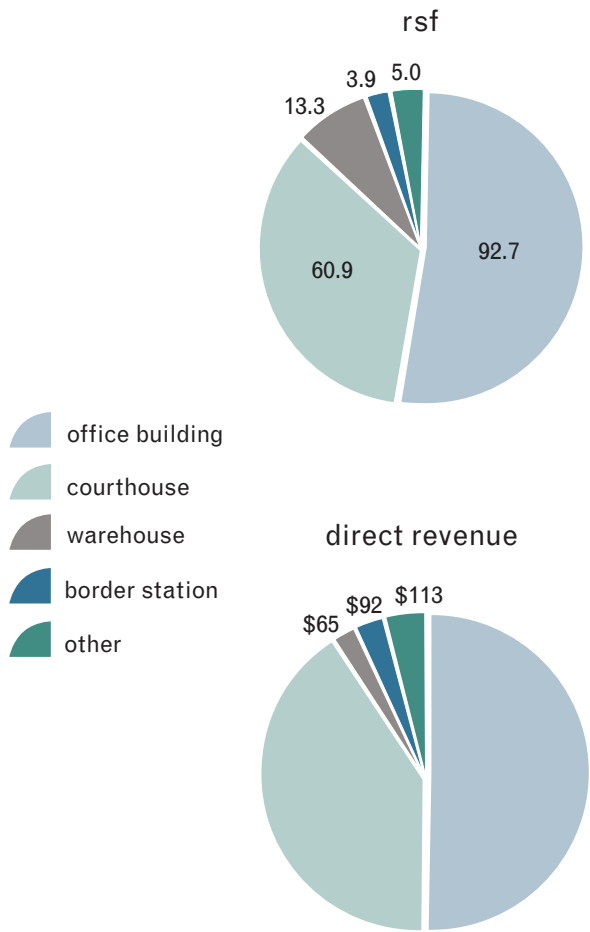


ATF National Laboratory Center [Beltsville, MD](#)

property type segmentation

Segmenting the portfolio by property types reveals that 87 percent of owned space is concentrated in office buildings and courthouses, and these buildings generate 91 percent of revenue. In contrast, warehouses comprise 8 percent of owned space while generating only 2 percent of revenue. Poor financial performance and the fact that our warehouses require nearly \$144 million in repair and alterations over the next five years explain why PBS continues to dispose of obsolete warehouse assets.

rsf and revenue by building category
in millions (see table 11, page a.14)



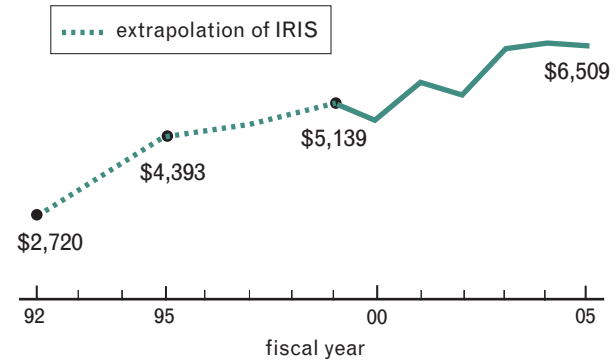
asset management model

PBS's asset management model is intended to strengthen the financial performance of the portfolio and assist with reinvestment decisions. The model focuses on three strategic characteristics: the customer, the market, and asset metrics. We analyze our customer's mission, housing profile, security needs, and space trends to provide smarter solutions. PBS gathers market data from research firms to ensure that our space is priced at or below market prices and to assist with own/lease decisions. Finally, we track performance measures for each asset as well as cumulative reinvestment needs, fair market value, and functional replacement value. PBS has developed two tools that allow management to synthesize performance measures and reinvestment needs into a decision-making matrix.

The first tool is the Inventory Reporting Information System (IRIS) database. IRIS tracks short-term work items needed in government-owned buildings. According to IRIS figures, our owned assets require \$6.51 billion in accumulated repairs and alterations over the course of the next five years. The graphs at the right show that the cumulative work item cost continually exceeds available funding.

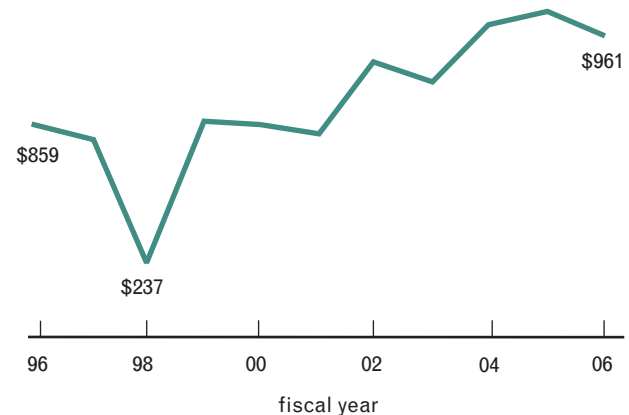
work item history*

in millions



available reinvestment funding (BA54/BA55)**

in millions



* Source: 1992-97 RACAT; 1997-2005 IRIS

** Source: Office of PBS Chief Financial Officer (PF)

The second tool is a tiering system based on financial measures and reinvestment needs.

There are three test criteria and four tiers. The first test is a break-even analysis that compares an asset's revenue to its basic operating costs and a 2 percent requirement for reinvestment. If an asset's revenue fails to cover these costs, it receives the lowest tier rating of 3. If an asset passes the first test, we determine whether it achieves a Return on Equity of 6 percent, GSA's hurdle rate. If an asset fails to return 6 percent on equity, it is a Tier 2b asset. Finally, the remaining assets are subjected to a third test based on accumulated reinvestment needs. If the cumulative reinvestment needs exceed 30 percent of the asset's value, the asset is a Tier 2a asset; if not the asset receives the highest rating, Tier 1. In simplest terms: Tier 1 assets are strong financial performers with low reinvestment needs; Tier 2a assets are strong financial performers with significant reinvestment needs; Tier 2b assets are under-performing financially and fail to return 6 percent on equity; Tier 3 assets are non-performing assets that fail to break even, which requires recovery of operating costs and basic reinvestment needs.

Tiering analysis is conducted each year. The results from the last fiscal year are presented in the next section.

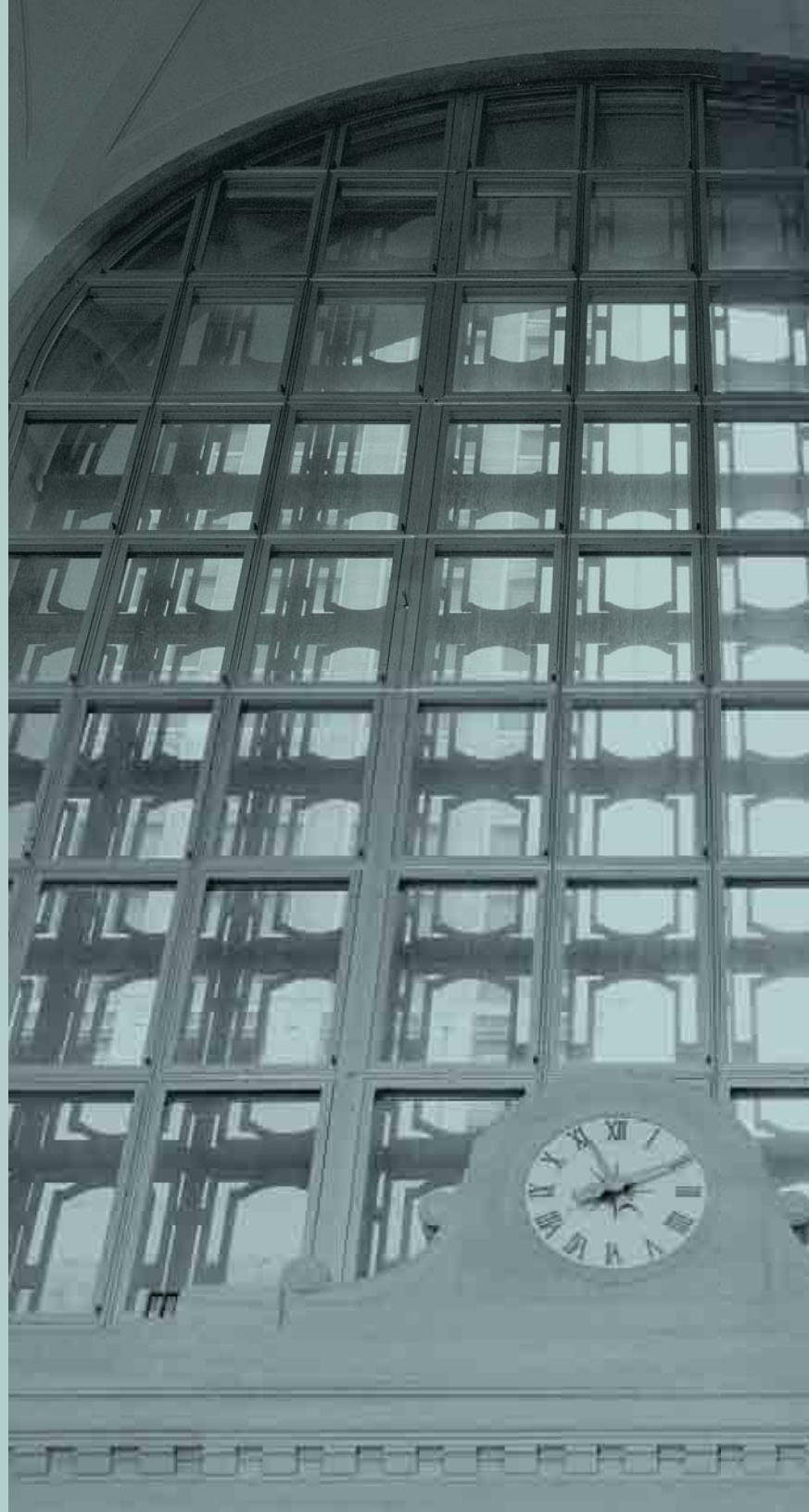
tiering table

performing	t1	tier 1	<i>Solid financial performance: satisfies long-term customer needs. ROE>6%; FCI<0.3; (NOI-2%FRV)>0</i>
	t2a	tier 2a	<i>Good financial performance: large capital reinvestment required. ROE>6%; FCI>0.3; (NOI-2%FRV)>0</i>
under performing	t2b	tier 2b	<i>Poor financial performance: ROE<6%; (NOI-2%FRV)>0</i>
non performing	t3	tier 3	<i>Poor financial performance: assets with negative cash flow. (NOI-2%FRV)<0</i>
	0-t	un-tiered	Not categorized into a tier.

Source: Asset Management Division, Office of Real Property Asset Management. Excludes border stations, miscellaneous assets.

owned fy05 results

U.S. Post Office and Courthouse Pittsburgh, PA

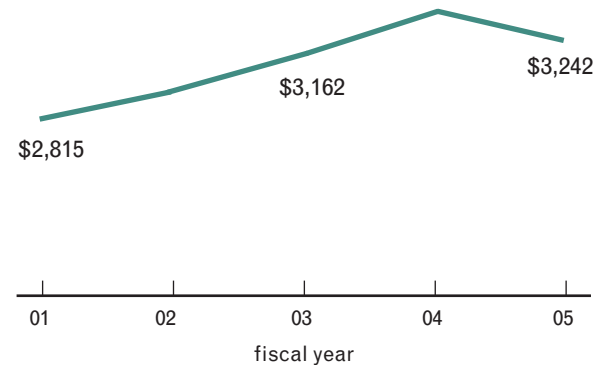


financial results

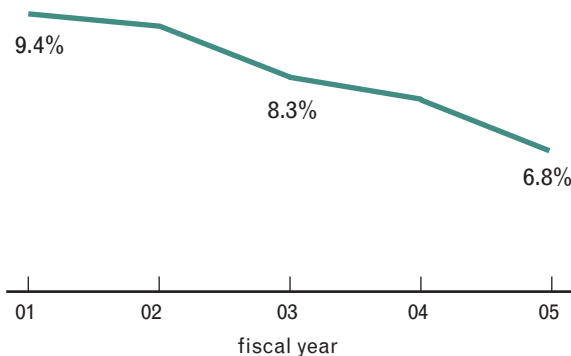
In FY2005, direct revenue decreased by \$120 million and total expenses fell by \$261 million. As a result, FFO increased by \$139 million and the vacancy rate in owned assets reached a record low of 6.8 percent. Decreases in both direct revenue and total expenses were a result of the change in our pricing structure for security costs. FY2005 marked the first year that protection expenses were paid by the Department of Homeland Security and funded through the Federal Protective Service billing.

direct revenue

in millions (see table 15, page a.18)



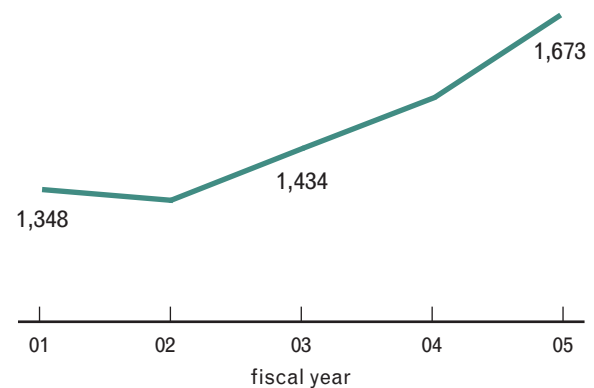
vacancy rates*



* Source: 9/01-9/05 Vacant Space Report

funds from operations (ffo)

in millions (see table 15, page a.18)



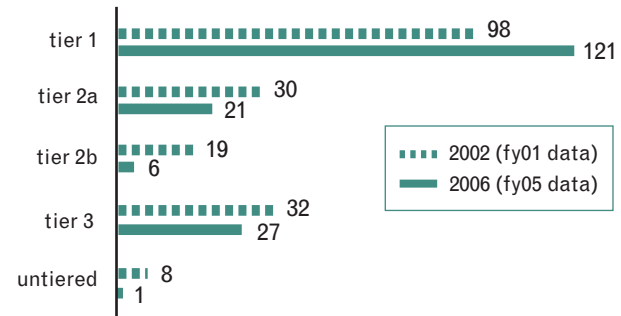
reinvestment results

Between FY2002 and FY2005, PBS added close to 23 million rsf to our Tier 1 inventory while reducing Tier 2b and Tier 3 space by 18 million rsf. In FY2005, Tier 1 accounted for 79 percent of total FFO and accordingly 51 percent of our reinvestment dollars were spent on Tier 1 assets. PBS is successfully using tiering results to target reinvestment funds to its core assets.

An example of successful reinvestment in our owned inventory is the Metzenbaum U.S. Courthouse in Cleveland, OH. This historic landmark was constructed in 1910 to serve as a post office, custom house, and courthouse, and is one of the most significant structures in downtown Cleveland's cityscape. Although it had high customer satisfaction scores, low vacancy, and met federal space needs in Cleveland, the building was in disrepair and PBS decided to renovate the building in FY2003. As of June 2005, tenants began to move out of leased space and into the 185,000 rsf in the modernized Class A Metzenbaum building. The building houses the Bankruptcy Court, U.S. Trustees, Labor Department, GSA, and Department of Homeland Security. PBS estimates that the building will initially generate \$4 million in revenue per year, so the undiscounted payback period for the \$50 million reinvestment is only 13 years. Through targeted reinvestment in the Metzenbaum U.S. Courthouse, PBS will preserve part of America's architectural heritage for future generations and the building will serve federal tenants just as well in 2006 as it did in 1910.

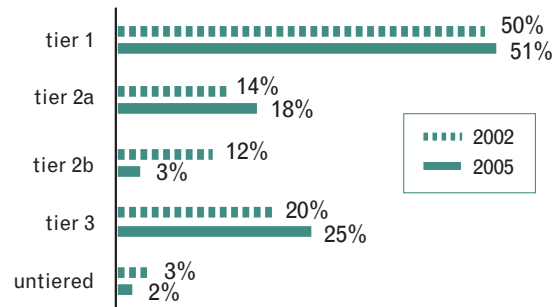
rsf by tier*

in millions



capital reinvestment by tier (BA54/55)*

in millions



* Source: Asset Management Division, Office of Real Property Asset Management

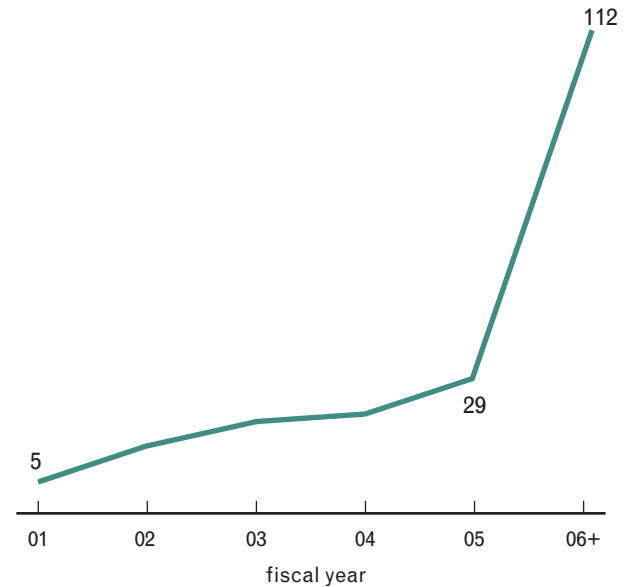
disposal results

In FY2005, 26 assets were reported excess, bringing the total since the inception of portfolio restructuring in FY2002 to 204 assets. In addition, 50 assets totaling 1.3 million rsf have been demolished within that time period.

Since FY2002, 99 of the 204 assets reported excess have been exchanged, transferred, or sold. In FY2005, GSA Office of Disposal transferred or sold 29 former PBS assets with a total value of \$25 million.

The following is an example of a vacant asset that PBS disposed that now serves the local community of Wheeling, WV. Built in 1972, the Social Security Administration Trust Fund Building in Wheeling is a one-story office building with 5,901 rsf designed to accommodate a single tenant. In FY2004, SSA needed to expand and relocated to a new location, leaving the building vacant. The only viable backfill candidate for the building was the Internal Revenue Service (IRS), which was not large enough to fully occupy the site and showed little interest in relocating. The building required \$610,000 in reinvestment to accommodate long-term occupancy, and due to the depressed commercial office space market in Wheeling, it was a Tier 3 asset even when fully-occupied. With 160,000 rsf, PBS determined that the modernized Federal Building and U.S. Courthouse in Wheeling could adequately serve the long-term need of Wheeling's federal

disposals*



* Source: NetReal as of 9/30/05

community and therefore decided to excess the SSA building. In FY2005, the building was conveyed to a company that specializes in renovating former federal and local government buildings and is currently being used to provide shelter and services to underprivileged citizens.

new inventory results

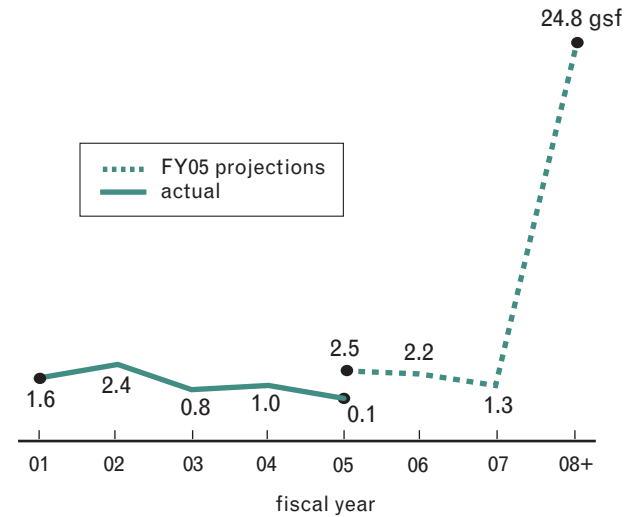
While PBS continues to redeploy unneeded assets, we also continue to bring award winning, state-of-the-art facilities into the inventory. Two new border stations and a training facility were completed in FY2005, totaling over 99,000 in gross square feet (gsf). We expect to complete five courthouses, two border stations, a federal building, and an NOAA satellite facility in FY2006. In addition, we expect to complete six projects totaling over 1.3 million gsf in FY2007 and 24.8 million gsf in FY2008 and beyond.



Federal Building and Courthouse **Fresno, CA**

owned new inventory*

in millions

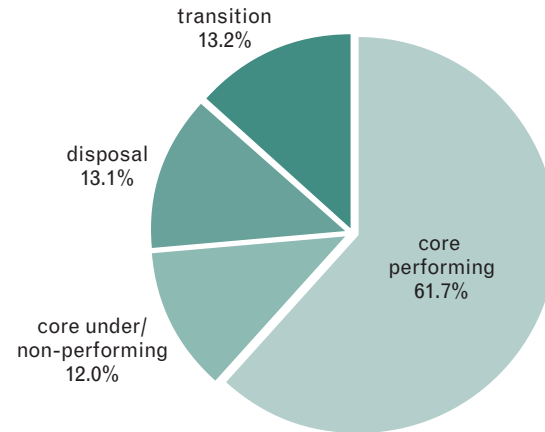


* Source: Office of the Chief Architect/PIP

looking ahead

Restructuring efforts have decreased vacant space, increased financial performance and helped PBS to target reinvestment, but PBS still faces significant reinvestment liability. While the majority of our reinvestment dollars go to Tier 1 and Tier 2a assets, there remains a shortfall of capital to maintain our financially performing assets. To refine the asset management model and improve portfolio restructuring, PBS surveyed regional portfolio managers and customer agencies to determine long-term asset strategies. The purpose of the survey was to determine our core assets. Core assets are assets that will remain in our inventory for at least 15 years, have a solid customer base, stable real estate market, and sustainable reinvestment needs. There are two classes of core assets, performing and non-performing. An asset with consistently positive financial performance is classified as performing, and these assets will receive priority for reinvestment before non-performing assets. Assets with a holding period less than 15 years fall into two categories, transition or disposal. Transition assets typically have 5-15 year holding periods, because the customer need is driving a relocation to a new federal building or a leased building. PBS will fund projects in transition assets that meet basic needs, but will avoid any major reinvestment. Assets fall into the disposal category if PBS plans to dispose of them within 5 years. These assets typically receive no

owned core assets*



* Source: Core Asset Analysis, Portfolio Analysis Division, Office of Real Property Asset Management.

reinvestment other than what is necessary to maintain day-to-day operations. The nationwide results of this initial analysis are shown above.

The tier rankings in the asset management model allow us to compare assets in broad categories while the core asset survey will allow us to compare assets within categories. By conducting a core asset survey, PBS has a snapshot of what our portfolio composition will be in 15 years, helping managers plan reinvestment decisions with more accuracy and effectiveness.





Howard M. Metzenbaum U.S. Courthouse Cleveland, OH

state of the
leased
portfolio

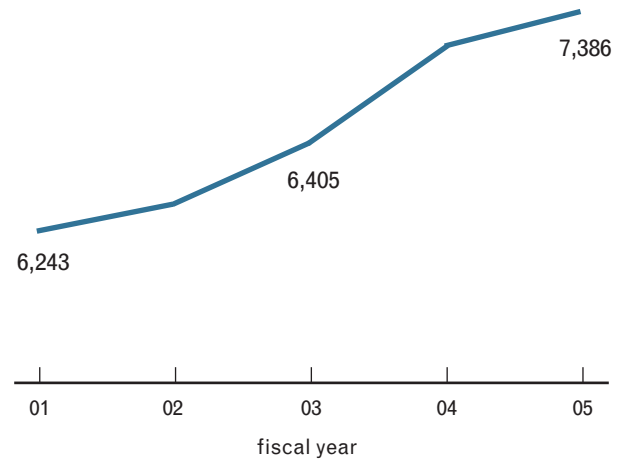
leased

In the past, PBS focused on meeting our customers' leasing needs at or below market prices and reducing vacancy rates in leased locations. In FY2005, leased space grew to 167 million rsf at a cost of \$3.8 billion in rental payments. Due to the size and cost of the leased inventory, PBS can no longer afford to treat leases as service contracts. As federal agencies face tighter budgets, there is increasing pressure from our stakeholders for PBS to demonstrate our value by analyzing the leased portfolio more closely, justifying our pricing structure, and identifying cost-saving opportunities.

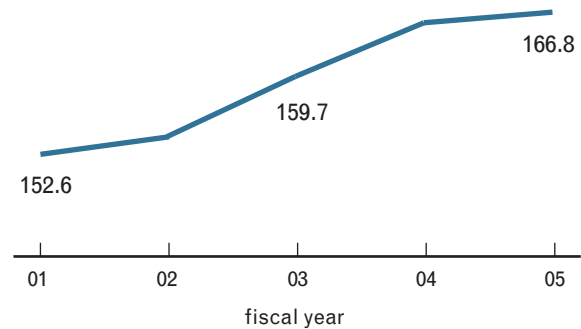
PBS has over 8,400 private sector leases in approximately 7,300 locations across the country. At 167 million rsf, leased space comprises close to 49 percent of our total square footage.

Leases are an attractive option for many agencies because they can provide flexibility in space acquisition and can accommodate short occupancy terms. However, shorter lease terms generally cost more per square foot. An analysis of lease terms and cost/rsf trends revealed that while lease terms are shrinking, the cost/rsf of our leases is increasing faster than inflation. For example, in FY1995, approximately 52 percent of our prospectus leases had 20 year terms, but in FY2005, there were no prospectus leases with 20 year terms.

number of assignable assets*



rentable square footage* *in millions*



* Source: September R240 report (2001-2005)

PBS typically contacts customers 12-18 months before a lease expires to discuss their future space requirements, but due to changing mission needs, some agencies are unable to predict their space needs beyond the next fiscal year. Many agencies request a lease extension because they are comfortable with the location and price and are uncertain about future budget constraints.

Unfortunately, this limits PBS's opportunity to analyze long-term market trends in order to determine a more cost-effective lease term. The table below shows that of the 1,844 leases expiring in FY2005, 63 percent were extended.

lease extensions/expirations*

region	# of leases expired (fy 05)	# of leases extended	lease extension rsf in millions	% extended
01—new england	84	32	0.3	38%
02 —northeast & caribbean	129	101	1.2	78%
03—mid-atlantic	156	99	0.8	63%
04—southeast sunbelt	292	207	2.1	71%
05—great lakes	264	195	1.5	74%
06—heartland	78	63	0.2	81%
07—greater southwest	210	98	0.9	47%
08—rocky mountain	90	66	0.4	73%
09—pacific rim	266	175	2.0	66%
10—northwest/arctic	119	73	0.4	61%
11—national capital	156	47	2.0	30%
nationwide	1,844	1,156	11.8	63%

* Source: STAR as of 9/30/05

customer segmentation

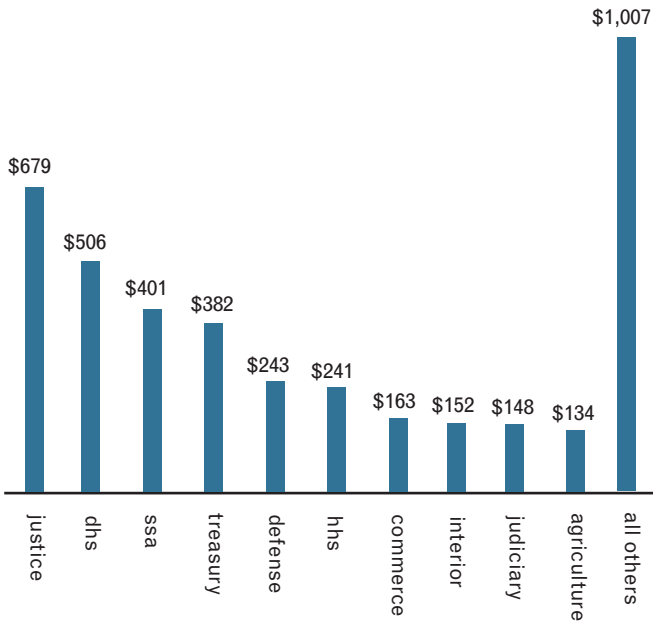
Our largest tenants in leased space are the Justice Department, Department of Homeland Security, Social Security Administration, and the Treasury Department. These agencies occupy over 75 million rsf, or 48 percent of leased space, and generate close to \$2 billion, or 48 percent of leased revenue. Continual analysis of market trends allows PBS to look for opportunities to take advantage of market gaps and lock in at lower rates to keep our client rates low and minimize their rental payments.



Denver Place Federal Center [Denver, CO](#)

leased core customers annual rent

in millions (see table 21, page a.24)



asset management model

PBS has adopted four established leasing practices in order to increase the value of our leased portfolio: reducing vacancy, managing lease administration, managing customer requirements, and analyzing market trends. Reducing vacancy rates ensures that agencies receive the maximum benefit for their resources and taxpayer money is spent effectively. Lease administration measures how well PBS administers and monitors contract costs and obligations. Managing customer requirements refers to our commitment to helping agencies formulate more accurate space plans so they can focus their budgetary resources on achieving their missions. Finally, analyzing market trend data allows PBS to balance agencies' future space needs with future market prices and calculate cost-effective lease terms.

Traditionally, we have focused on reducing the vacant space in our leased assets by backfilling, exercising termination rights when appropriate, and running monthly vacant space reports. Our efforts have proved successful, as vacancy rates in FY2005 reached a record low of 1.2 percent.

Lease administration focuses on accurate billing including the processing of taxes, step rents, and operating cost escalations. The majority of our leases are "pass-through" leases, in which the rent billed to the tenant agency is a pass-through of the contract rent, additional operating expenses outside the lease, security costs not paid to DHS,

and an 8 percent fee to PBS. The 8 percent fee reimburses PBS for brokerage services, property management, and the vacancy risk should an agency decide to return space to PBS. One measure of billing accuracy is the negative Net Operating Income (NOI) lease report which identifies leased locations where the direct expenses and field office overhead exceed the income generated by the asset. In FY2005, approximately 1,110 leased locations generated negative NOI, totaling a loss of \$88 million.

While managing customer requirements has always been an integral step in contracting for a lease, PBS is now applying a long-term approach. Rather than responding only to current requirements, PBS works more closely with agencies to determine their needs for the next several years and create a plan to reduce costs.

PBS also uses market trend data from private sector companies in conjunction with our customers' long-term needs that enables us to provide agencies with better advice. For instance, if a market is expected to experience price declines, we should utilize short-term contracts until the market rent reaches a relative low and then sign a long-term contract. On the other hand, if a market is expected to experience price increases, we should encourage customers to sign new contracts that have a long lease term and lock in the current low rate.

leased fy05 results

Emanuel Celler U.S. Courthouse Brooklyn, NY

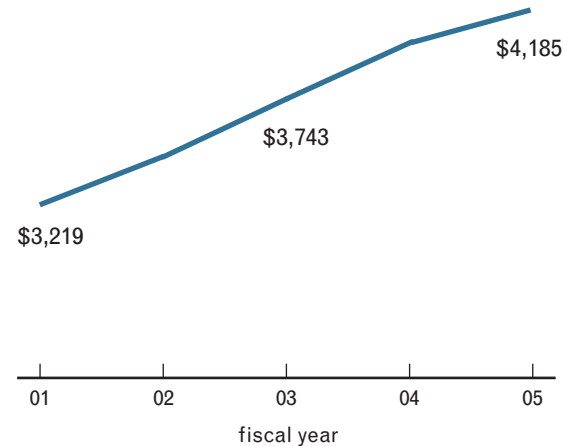


financial results

The goal of PBS is to generate FFO between zero and two percent of leased revenue to ensure full cost recovery of PBS-funded leasehold improvements and appropriate pricing of portfolio leases. FFO increased by nearly \$12 million in FY2005, to a total of \$89 million. The positive FFO is a direct result of billing adjustments, the pricing policy for portfolio leases, the accounting treatment of capital leases, and the recovery of PBS-funded leasehold improvements. In FY2005, \$22 million, or 24 percent, of leased FFO was attributable to prior year(s) billing adjustments, which is money that was earned in prior years but not billed for until 2005. PBS treats portfolio leases as owned space and the rent is set through appraisals. As such, \$13 million, or 14 percent, of leased FFO is due to this pricing convention. In addition, \$10 million, or 11 percent, of leased FFO is due to the accounting treatment of expenses for capital leases. Finally, \$2 million, or 2 percent, of leased FFO is attributable to PBS-funded leasehold improvements.

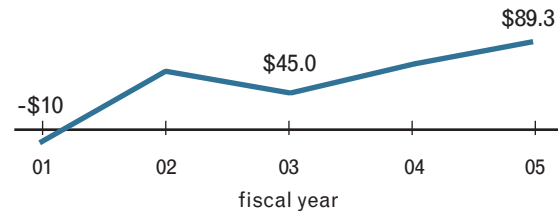
direct revenue

in millions (see table 22, page a.25)



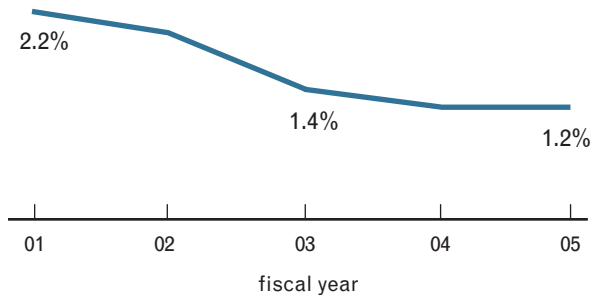
funds from operations (ffo)

in million (see table 22, page a.25)



looking ahead

vacancy rates*



* Source: 9/01-9/05 Vacant Space Report



Citicorp Center [Chicago, IL](#)

As mentioned earlier, roughly half of our expiring leases in a given fiscal year are being extended an additional year. This generates a heavy workload for realty specialists, making it difficult to determine which expiring leases need the most attention. To address this problem, PBS developed a tier system for leased assets. Our primary goal was to create a tool that enables us to identify leases that require immediate attention. The tier system studies three aspects of our leases: billing accuracy, price, and the market rate trend.

The first step in lease tiering, billing accuracy, identifies leases where we are over billing the customer or leases that generate negative NOI. Our goal is to price every lease correctly.

Next, we compare the price of the lease to current market rates. If the lease is above market price, PBS will attempt to renegotiate the lease or exercise termination rights. If the lease is below market price, we will negotiate to extend the lease.

The third aspect we consider is the market price trend. As discussed earlier, this involves making lease term decisions based on the expectation of future market prices.

Lease tiering is a new concept, and we are still calculating tier rankings for FY2005. Our goal for FY2006 is to refine the tiering process and demonstrate improvements over our results from FY2005.





U.S. Post Office and Courthouse Pittsburgh, PA

state of the

portfolio appendices

table 1: snapshot of the portfolio

region	funds from operations (ffo)		rsf <i>in millions</i>	# of buildings
	<i>\$ in millions</i>	<i>% of total</i>		
01 new england	108.4	6.2	10.6	405
02 northeast & caribbean	149.6	8.5	21.9	518
03 mid-atlantic	132.8	7.5	33.0	765
04 southeast sunbelt	133.3	7.6	39.6	1,492
05 great lakes	158.4	9.0	33.8	981
06 heartland	53.9	3.1	19.7	404
07 greater southwest	120.4	6.8	31.7	1,225
08 rocky mountain	68.3	3.9	17.1	655
09 pacific rim	271.7	15.4	32.7	1,066
10 northwest/arctic	95.5	5.4	15.4	643
11 national capital	463.8	26.3	87.1	766
central office	5.8	0.3	0.0	0
total	\$1,761.8	100%	342.6	8,920

Source: FFO from InfoWizard FBfx05 model; # of buildings from 9/05 R240 Report of active buildings with assignable space; RSF from STAR as of 9/30/05

table 2. total portfolio composition and performance

region	# of buildings	rsf <i>in millions</i>	% of total rsf	% occupied	direct revenue <i>\$ in millions</i>	% of direct revenue
01 new england	405	10.6	3.1	90.5	273.7	3.7
02 northeast & caribbean	518	21.9	6.4	97.2	700.7	9.4
03 mid-atlantic	765	33.0	9.6	94.9	532.8	7.2
04 southeast sunbelt	1,492	39.6	11.6	96.8	701.5	9.4
05 great lakes	981	33.8	9.9	95.2	636.9	8.6
06 heartland	404	19.7	5.7	94.1	257.8	3.5
07 greater southwest	1,225	31.7	9.3	94.5	512.8	6.9
08 rocky mountain	655	17.1	5.0	95.3	285.0	3.8
09 pacific rim	1,066	32.7	9.5	96.3	849.7	11.4
10 northwest/arctic	643	15.4	4.5	95.4	312.4	4.2
11 national capital	766	87.1	25.4	96.6	2,366.6	31.9
central office	0	0	0	0	(2.6)	—
total	8,920	342.6	100%	95.7	\$7,427.5	100%

Source: # of buildings from 9/05 R240 Report of active buildings with assignable space; RSF from STAR as of 9/30/05; % Occupied from 9/05 Vacant Space Report; Direct Revenue from InfoWizard FBFX05 model

table 3. leased vs. owned comparison

	leased				owned			
	fy02	fy03	fy04	fy05	fy02	fy03	fy04	fy05
direct revenue <i>in millions</i>	\$3,448	\$3,743	\$4,030	\$4,185	\$2,979	\$3,162	\$3,362	\$3,242
noi <i>in millions</i>	\$224	\$191	\$220	\$238	\$1,849	\$1,940	\$2,052	\$2,194
operating margin	6.4%	5.1%	5.5%	5.8%	62.1%	61.4%	61.0%	67.6%
fbo <i>in millions</i>	\$78.0	\$45.0	\$77.4	\$89.3	\$1,330.0	\$1,434.0	\$1,533.0	\$1,672.5
fbo/rsf	\$0.5	\$0.3	\$0.5	\$0.5	\$7.3	\$8.0	\$8.5	\$9.5
net income <i>in millions</i>	\$42.0	(\$3.0)	\$31.7	\$63.1	\$490.0	\$454.0	\$569.4	\$846.9
ni/rsf	\$0.3	(\$0.02)	\$0.2	\$0.38	\$2.70	\$2.53	\$3.18	\$4.82

Source: InfoWizard FBFx05 and FBFn05 models

table 4. key markets (msa)

msa	# of locations	% of total	rsf <i>in millions</i>	% of total	ffo <i>in millions</i>	% of total	direct revenue <i>in millions</i>	% of total
washington-arlington-alexandria, dc-va-md-wv	669	7.5	79.1	23.1	460.0	25.7	2,090.9	28.9
new york-wayne-white plains, ny-nj	152	1.7	12.1	3.5	85.7	4.8	435.6	6.0
chicago-naperville-joliet, il	119	1.3	7.8	2.3	68.6	3.8	200.7	2.8
bethesda-frederick-gaithersburg, md	120	1.3	8.2	2.4	19.3	1.1	188.2	2.6
atlanta-sandy springs-marietta, ga	112	1.3	9.4	2.7	49.2	2.8	172.6	2.4
los angeles-long beach-glendale, ca	149	1.7	6.4	1.9	60.1	3.4	155.1	2.1
san francisco-san mateo-redwood city, ca	76	0.9	4.8	1.4	66.5	3.7	149.3	2.1
denver aurora, co	141	1.6	8.4	2.5	40.4	2.3	144.9	2.0
boston-quincy, ma	36	0.4	3.7	1.1	82.5	4.6	137.2	1.9
baltimore-towson, md	100	1.1	8.9	2.6	43.7	2.4	132.9	1.8
philadelphia, pa	75	0.8	7.1	2.1	32.3	1.8	125.1	1.7
seattle-bellevue-everett, wa	93	1.0	6.1	1.8	46.2	2.6	118.3	1.6
kansas city, mo-ks	75	0.8	8.7	2.5	15.7	0.9	108.0	1.5
st. louis, mo-il	83	0.9	6.5	1.9	30.1	1.7	81.7	1.1
dallas-plano-irving, tx	72	0.8	4.4	1.3	16.4	0.9	79.0	1.1
san diego-carlsbad-san marcos, ca	87	1.0	2.9	0.8	18.7	1.0	78.3	1.1
detroit-livonia-dearborn, mi	45	0.5	3.3	1.0	14.7	0.8	72.0	1.0
newark-union, nj-pa	41	0.5	2.2	0.7	15.0	0.8	71.6	1.0
portland-vancouver-beaverton, or-wa	69	0.8	3.1	0.9	23.6	1.3	60.1	0.8
cleveland-elyria-mentor, oh	52	0.6	2.8	0.8	22.3	1.2	58.5	0.8
top 20 totals	2,366	26.5	195.8	57.2	1,211.0	67.7	4,660.1	64.3

Source: # of buildings and RSF from STAR as of 9/30/05; FFO and Direct Revenue from InfoWizard FBFx05

table 5. core customers—total portfolio

agency	rent \$ in millions	% of total	# of CBRs	% of total	rsf in millions	% of total
justice	1,120.0	15.5	2,778	13.3	41.5	13.0
judiciary	926.1	12.8	2,573	12.3	39.4	12.3
dhs	820.4	11.3	2,914	14.0	30.2	9.5
treasury	680.8	9.4	1,044	5.0	32.2	10.1
ssa	499.7	6.9	1,889	9.1	28.1	8.8
hhs	331.1	4.6	697	3.3	14.5	4.6
defense	300.2	4.1	609	2.9	16.4	5.1
interior	265.8	3.7	1,086	5.2	14.7	4.6
commerce	231.8	3.2	329	1.6	9.8	3.1
epa	207.4	2.9	170	0.8	7.0	2.2
all others	1,865.0	25.7	6,760	32.4	85.6	26.8
total	\$7,248.2	100%	20,849	100%	319.6	100%

Rent represents total amount billed in FY05; # of CBRs and RSF represent September billing.

Source: InfoWizard PBS05 model

table 6. client billing records–total portfolio

square footage category	CBRs	% of total	rsf <i>in millions</i>	% of total	annualized rent <i>\$ in millions</i>	% of total	annualized rent/rsf billed (\$)
0	1,483	7.1	0.0	0.0	42.6	0.6	0.0
1-2,500	6,884	33.0	7.4	2.3	148.5	2.1	20.1
2,501-5,000	3,214	15.4	11.8	3.7	253.2	3.5	21.4
5,001-7,500	2,114	10.1	13.1	4.1	281.5	3.9	21.6
7,501-10,000	1,374	6.6	12.0	3.7	255.8	3.6	21.4
10,001-20,000	2,549	12.2	35.5	11.1	789.0	11.0	22.2
20,001-40,000	1,572	7.5	43.9	13.7	1012.5	14.1	23.1
40,001-60,000	525	2.5	25.5	8.0	607.7	8.5	23.8
60,001-100,000	458	2.2	35.1	11.0	849.2	11.8	24.2
100,001+	549	2.6	135.3	42.3	2937.2	40.9	21.7
billing adjmt.	127	0.6	0.1	0.0	0.0	0.0	0.0
nationwide	20,849	100%	319.6	100%	\$7,177.3	100%	\$22.5

of CBRs and RSF represent September billing; Annualized Rent represents September rent bill annualized.
Source: InfoWizard PBS05 model

table 7. CBR expirations by region

fy of expiration	billing adjmt.	fy06	fy07	fy08	fy09	fy10	fy11+	total
region 1—new england								
# of CBRs	1	243	143	154	124	60	151	876
rsf <i>in millions</i>	n/a	1.8	1.4	2.8	0.8	0.4	2.1	9.3
annualized rent <i>in millions</i>	n/a	\$46.9	\$45.4	\$83.9	\$20.0	\$10.4	\$54.9	\$261.5
average of CBR term	n/a	9.1	10.0	10.1	7.9	9.2	11.7	9.7
region 2—northeast and caribbean								
# of CBRs	4	210	202	201	286	154	330	1387
rsf <i>in millions</i>	n/a	1.9	3.4	3.1	4.0	2.3	6.2	21.0
annualized rent <i>in millions</i>	n/a	\$50.0	\$102.1	\$86.4	\$132.7	\$64.2	\$253.6	\$689.1
average of CBR term	n/a	8.8	8.6	9.0	9.7	10.0	10.6	9.6
region 3—mid-atlantic								
# of CBRs	4	181	181	148	110	128	985	1737
rsf <i>in millions</i>	n/a	2.6	2.2	2.4	1.3	3.1	20.5	32.0
annualized rent <i>in millions</i>	n/a	\$28.1	\$32.2	\$43.6	\$19.8	\$45.5	\$349.2	\$518.4
average of CBR term	n/a	7.7	9.0	8.2	8.8	9.5	11.6	10.3
region 4—southeast sunbelt								
# of CBRs	19	547	469	303	462	414	1163	3377
rsf <i>in millions</i>	n/a	5.6	4.9	2.8	5.5	3.4	15.4	37.6
annualized rent <i>in millions</i>	n/a	\$83.1	\$87.7	\$52.0	\$85.2	\$60.7	\$311.0	\$679.6
average of CBR term	n/a	5.7	5.7	7.0	6.5	6.5	10.8	7.8
region 5—great lakes								
# of CBRs	41	474	274	291	445	256	805	2586
rsf <i>in millions</i>	n/a	3.9	2.1	4.9	5.4	2.1	13.4	31.8
annualized rent <i>in millions</i>	n/a	\$75.5	\$42.3	\$55.3	\$86.2	\$45.6	\$321.6	\$626.5
average of CBR term	n/a	7.3	7.1	7.3	5.8	6.7	12.9	8.7

table 7. CBR expirations by region (continued)

fy of expiration	billing adjmt.	fy06	fy07	fy08	fy09	fy10	fy11+	total
region 6—heartland								
# of CBRs	1	209	209	216	118	141	292	1186
rsf <i>in millions</i>	n/a	1.5	3.1	4.5	1.7	1.5	6.1	18.4
annualized rent <i>in millions</i>	n/a	\$18.1	\$37.3	\$48.3	\$24.3	\$29.2	\$102.5	\$259.6
average of CBR term	n/a	7.3	8.6	8.9	11.0	10.1	13.4	10.0
region 7—greater southwest								
# of CBRs	10	521	457	358	270	112	974	2702
rsf <i>in millions</i>	n/a	3.7	4.4	4.2	2.0	0.7	12.7	27.7
annualized rent <i>in millions</i>	n/a	\$55.7	\$67.4	\$66.7	\$33.8	\$13.2	\$243.5	\$480.2
average of CBR term	n/a	8.4	7.8	8.5	8.0	8.4	12.9	9.9
region 8—rocky mountain								
# of CBRs	12	299	232	228	200	175	423	1569
rsf <i>in millions</i>	n/a	2.5	2.5	2.6	1.7	0.9	5.7	15.9
annualized rent <i>in millions</i>	n/a	\$36.4	\$36.1	\$37.9	\$32.2	\$12.9	\$120.9	\$276.3
average of CBR term	n/a	7.6	6.5	5.9	6.7	7.1	13.4	8.6
region 9—pacific rim								
# of CBRs	17	499	396	298	275	236	632	2353
rsf <i>in millions</i>	n/a	4.1	4.0	5.0	2.6	2.0	13.3	31.1
annualized rent <i>in millions</i>	n/a	\$107.4	\$99.1	\$143.5	\$64.7	\$55.3	\$366.5	\$836.4
average of CBR term	n/a	8.1	8.5	8.3	9.5	13.5	12.1	10.0
region 10—northwest/arctic								
# of CBRs	2	547	212	256	236	171	360	1784
rsf <i>in millions</i>	n/a	2.0	2.0	2.2	1.7	1.6	4.2	13.5
annualized rent <i>in millions</i>	n/a	\$40.4	\$36.7	\$44.2	\$31.3	\$37.4	\$110.8	\$300.8
average of CBR term	n/a	5.0	7.7	7.6	9.8	8.5	11.9	8.1

table 7. CBR expirations by region (continued)

fy of expiration	billing adjmt.	fy06	fy07	fy08	fy09	fy10	fy11+	total
region 11–national capital								
# of CBRs	16	300	239	161	167	135	274	1292
rsf <i>in millions</i>	n/a	16.5	13.6	8.4	11.8	7.9	23.0	81.3
annualized rent <i>in millions</i>	n/a	\$397.5	\$347.7	\$231.2	\$314.6	\$231.3	\$726.6	\$2,248.8
average of CBR term	n/a	6.8	8.1	7.5	8.1	7.2	11.2	8.2
nationwide								
# of CBRs	127	4,030	3,014	2,614	2,693	1,982	6,389	20,849
rsf <i>in millions</i>	n/a	46.1	43.6	43.1	38.4	25.9	122.4	319.6
annualized rent <i>in millions</i>	n/a	\$938.9	\$933.9	\$893.1	\$844.7	\$605.7	\$2,961.0	\$7,177.3
average of CBR term	n/a	7.2	7.7	7.9	7.9	8.5	12.0	9.1

Source: # of CBRs, RSF, Annualized Rent, and Average CBR Term from STAR as of 9/30/05

table 8. income statement–total inventory

dollars <i>in millions</i>	2001	2002	2003	2004	2005
direct revenue +	\$6,034.4	\$6,427.2	\$6,904.7	\$7,392.6	\$7,427.5
operations and maintenance	689.1	683.3	740.6	785.2	808.7
protection	219.4	296.0	429.0	442.9	14.6
rental of space	2,930.1	3,090.2	3,376.4	3,634.8	3,862.9
real estate	13.4	20.9	13.9	17.9	14.6
repairs and alterations	14.7	31.8	31.7	36.4	57.0
other	74.1	86.9	29.5	56.9	77.3
total GA expenses	587.8	647.6	649.7	656.8	686.4
purchase contracts	168.9	162.3	155.2	151.1	144.2
total funded expenses –	\$4,697.3	45,019.0	\$5,425.8	\$5,782.0	\$5,665.6
funds from operations =	\$1,337.1	\$1,408.2	\$1,478.9	\$1,610.6	\$1,761.8
depreciation –	854.8	877.1	1,028.4	1,009.5	851.9
nonFBF outlease exp –	0.1	0.1	0.0	-	-
nonFBF outlease rev –	1.6	1.1	0.6	-	-
net income	\$483.8	\$532.0	\$451.1	\$601.1	\$910.0

Source: InfoWizard FBFx05 and FBFx02 models

table 9. owned portfolio composition and performance

region	total buildings	total owned rsf <i>in millions</i>	% of owned rsf	direct revenue <i>\$ in millions</i>	ffo <i>\$ in millions</i>
01 new england	96	6.2	3.5	165.9	105.8
02 northeast & caribbean	62	12.6	7.2	352.4	138.6
03 mid-atlantic	105	16.8	9.5	240.9	124.2
04 southeast sunbelt	141	17.0	9.7	244.3	110.6
05 great lakes	138	20.7	11.8	321.6	157.2
06 heartland	61	12.2	6.9	139.2	51.6
07 greater southwest	332	16.1	9.2	226.7	116.1
08 rocky mountain	169	9.9	5.6	140.7	66.2
09 pacific rim	166	17.5	9.9	417.9	262.7
10 northwest/arctic	110	9.1	5.2	158.0	94.0
11 national capital	154	37.7	21.4	837.3	439.9
central office	0	0	0	(2.6)	5.8
total	1,534	175.8	100%	3,242.0	1,672.5

Source: # of buildings from 9/05 R240 Report of active buildings with assignable space; RSF from STAR as of 9/30/05; FFO and Direct Revenue from InfoWizard FBFx05 model

table 10. owned distribution by square footage

square footage category	CBRs	% of total	rsf <i>in millions</i>	% of total	annualized rent <i>\$ in millions</i>	% of total	annualized rent/rsf billed (\$)
0	92	6.0%	0.0	0.0%	\$12.7	0.4%	0.00
1-2,500	221	14.4%	0.2	0.1%	\$4.8	0.2%	19.74
2,501-5,000	164	10.7%	0.6	0.3%	\$12.3	0.4%	20.40
5,001-7,500	84	5.5%	0.5	0.3%	\$9.4	0.3%	18.40
7,501-10,000	73	4.8%	0.6	0.4%	\$10.6	0.3%	16.86
10,001-20,000	144	9.4%	2.0	1.2%	\$30.7	1.0%	15.14
20,001-40,000	123	8.0%	3.7	2.1%	\$55.9	1.8%	15.30
40,001-60,000	93	6.1%	4.6	2.6%	\$62.1	2.0%	13.40
60,001-100,000	112	7.3%	8.8	5.0%	\$125.8	4.1%	14.30
100,001+	426	27.8%	154.7	88.0%	\$2,782.2	89.6%	17.99
total	1,532	100%	175.8	100%	\$3,106.5	100%	\$17.67

of CBRs and RSF represent September billing; Annualized Rent represents September rent bill annualized

*Excludes AX Bldg numbers used for accounting. Source: # of buildings and RSF from STAR as of 9/30/05 and based on active buildings with assignable space; Direct Revenue from InfoWizard FBFX05 model

table 11. current asset performance by type

property type*	rsf <i>in millions</i>	direct revenue <i>in millions</i>	direct revenue <i>\$/rsf</i>	ffo <i>in millions</i>	ffo <i>\$/RSF</i>	vacancy rate (%)
office building	92.7	1,565.2	16.9	895.0	9.7	7.9%
courthouse	60.9	1,272.6	20.9	677.8	11.1	5.5%
warehouse	13.3	64.6	4.8	27.9	2.1	5.6%
border station	3.9	91.6	23.6	55.5	14.3	0.1%
other	3.2	81.5	25.6	17.5	5.5	2.4%
laboratory	1.8	31.0	17.5	17.5	9.9	27.7%
total	175.8	\$3,106.5	\$17.7	\$1,691.1	\$9.6	6.8%

*In FY05, reconciliation with regions recategorized property types. Source: RSF from STAR as of 9/30/05 and based on active buildings with assignable space; Direct Revenue and FFO from InfoWizard FBFX05 model; Vacancy Rate from 9/05 Vacant Space Report

table 12. key markets (msa)–including percentage of GSA's owned inventory

msa	# of locations	% of total	rsf <i>in millions</i>	% of total	ffo <i>in millions</i>	% of total	direct revenue <i>in millions</i>	% of total
washington-arlington-alexandria, dc-va-md-wv	130	8.5	36.5	20.8	437.4	25.9	728.1	23.4
new york-wayne-white plains, ny-nj	13	0.8	7.8	4.4	81.7	4.8	240.2	7.7
chicago-naperville-joliet, il	11	0.7	5.3	3.0	67.0	4.0	122.7	4.0
boston-quincy, ma	5	0.3	2.9	1.7	82.5	4.9	111.2	3.6
san francisco-san mateo-redwood city, ca	23	1.5	3.1	1.8	65.0	3.8	92.4	3.0
los angeles-long beach-glendale, ca	17	1.1	4.0	2.3	59.0	3.5	91.1	2.9
denver aurora, co	59	3.9	5.5	3.1	39.5	2.3	82.6	2.7
baltimore-towson, md	24	1.6	5.9	3.4	41.1	2.4	73.1	2.4
seattle-bellevue-everett, wa	25	1.6	4.4	2.5	46.0	2.7	66.9	2.2
st. louis, mo-il	31	2.0	5.7	3.3	29.3	1.7	63.6	2.1
atlanta-sandy springs-marietta, ga	15	1.0	3.5	2.0	34.3	2.0	56.7	1.8
philadelphia, pa	7	0.5	3.3	1.9	28.3	1.7	54.8	1.8
kansas city, mo-ks	16	1.0	4.2	2.4	14.1	0.8	43.4	1.4
cleveland-elyria-mentor, oh	4	0.3	2.0	1.1	21.6	1.3	38.2	1.2
santa ana-anaheim-irvine, ca	4	0.3	1.7	1.0	22.9	1.4	35.3	1.1
suffolk county-nassau county, ny	2	0.1	1.2	0.7	22.9	1.4	32.9	1.1
portland-vancouver-beaverton, or-wa	10	0.7	1.9	1.1	23.5	1.4	32.9	1.1
sacramento-arden-arcade-roseville, ca	7	0.5	1.4	0.8	23.8	1.4	32.7	1.1
oakland-fremont-hayward, ca	17	1.1	1.6	0.9	12.2	0.7	31.7	1.0
san diego-carlsbad-san marcos, ca	19	1.2	1.3	0.7	18.3	1.1	29.4	0.9
top 20 totals	439	28.7	103.1	58.7	1,170.3	69.2	2,059.8	66.3

Source: MSA's from Office of Management and Budget; # of Buildings and RSF from STAR as of 9/30/05; Direct Revenue and FFO from InfoWiz-ard FBFX05 model

table 13. key markets (msa)–owned inventory vacancy rates

msa	class a market vacancy %	class b market vacancy %	class c market vacancy %	owned GSA rsf vacancy %
washington-arlington-alexandria, dc-va-md-wv	9.5	9.6	9.3	5.4
new york-wayne-white plains, ny-nj	7.8	7.7	5.7	2.9
chicago-naperville-joliet, il	19.2	16.6	10.7	5.4
boston-quincy, ma	15.5	13.2	6.6	19.3
san francisco-san mateo-redwood city, ca	16.8	13.8	8.2	7.7
los angeles-long beach-glendale, ca	12.2	8.5	3.8	3.8
denver aurora, co	15.9	16.8	9.0	9.4
baltimore-towson, md	12.1	14.1	7.1	10.7
seattle-bellevue-everett, wa	11.6	12.5	7.2	8.7
st. louis, mo-il	11.2	13.0	7.8	11.0
atlanta-sandy springs-marietta, ga	15.4	13.5	9.8	3.4
philadelphia, pa	13.8	14.3	12.0	2.2
kansas city, mo-ks	16.5	15.3	12.5	3.6
cleveland-elyria-mentor, oh	14.0	17.2	13.3	9.1
santa ana-anaheim-irvine, ca	n/a	n/a	n/a	13.5
suffolk county-nassau county, ny	12.0	11.2	6.1	5.4
portland-vancouver-beaverton, or-wa	9.3	15.6	13.4	10.0
sacramento-arden-arcade-roseville, ca	16.6	13.8	12.7	9.9
oakland-fremont-hayward, ca	n/a	n/a	n/a	8.5
san diego-carlsbad-san marcos, ca	13.3	10.0	6.2	0.9

Source: MSA's from Office of Management and Budget; Class A, B, & C from COSTAR; Owned Vacancy Rate from 9/05 Vacant Space Report

table 14. core customers—owned inventory

agency	rent \$ in millions	% of total	# of CBRs	% of total	rsf in millions	% of total
judiciary	778.0	24.4	1,910	20.4	33.8	21.0
justice	440.9	13.8	1,253	13.4	18.1	11.2
dhs	314.3	9.8	1,252	13.4	12.3	7.6
treasury	299.2	9.4	332	3.5	16.0	9.9
epa	115.2	3.6	56	0.6	3.6	2.2
interior	114.3	3.6	307	3.3	7.1	4.4
ssa	99.2	3.1	329	3.5	9.9	6.2
labor	90.5	2.8	350	3.7	3.7	2.3
hh	89.8	2.8	234	2.5	4.7	2.9
va	88.9	2.8	77	0.8	3.4	2.1
all others	764.4	23.9	3,257	34.8	48.4	30.1
total	\$3,194.5	100%	9,357	100%	160.9	100%

Rent represents total amount billed in FY05; # of CBRs and RSF represent September billing.
Source: InfoWizard PBS05 model

table 15. income statement—owned inventory

dollars <i>in millions</i>	2001	2002	2003	2004	2005
direct revenue +	\$2,815.4	\$2,979.2	\$3,162.0	\$3,362.4	\$3,242.3
operations and maintenance	630.7	640.3	693.0	739.7	758.5
protection	173.5	226.8	327.6	342.9	14.0
rental of space	(3.6)	14.0	3.8	0.1	0.4
real estate	10.2	14.5	2.6	6.1	4.4
repairs and alterations	13.9	30.8	29.5	34.6	52.6
other	70.8	70.6	26.0	53.0	72.0
total GA expenses	405.6	492.9	494.2	505.5	525.6
purchase contracts	166.6	159.1	151.5	147.4	140.6
total funded expenses –	\$1,467.7	\$1,648.9	\$1,728.2	\$1,829.2	\$1,568.2
funds from operations =	\$1,347.7	\$1,330.3	\$1,433.9	\$1,533.1	\$1,672.5
depreciation –	808.1	841.2	980.2	963.7	823.7
nonFBF outlease exp –	0.1	0.1	0.0	-	-
nonFBF outlease rev –	1.5	1.0	0.6	-	-
net income	\$541.1	\$490.0	\$454.2	\$569.4	\$846.9

Source: InfoWizard FBfx05 and FBfx02 models

table 16. leased portfolio composition and performance

region	total buildings	total leased rsf <i>in millions</i>	% of leased rsf	direct revenue <i>\$ in millions</i>	ffo <i>\$ in millions</i>
01 new england	309	4.4	2.6	107.7	2.6
02 northeast & caribbean	456	9.3	5.6	348.4	11.0
03 mid-atlantic	660	16.2	9.7	292.0	8.7
04 southeast sunbelt	1,351	22.6	13.5	457.2	22.7
05 great lakes	843	13.0	7.8	315.3	1.2
06 heartland	343	7.5	4.5	118.6	2.3
07 greater southwest	893	15.6	9.4	286.1	4.3
08 rocky mountain	486	7.2	4.3	144.3	2.1
09 pacific rim	900	15.2	9.1	431.9	9.0
10 northwest/arctic	533	6.3	3.8	154.4	1.5
11 national capital	612	49.4	29.6	1,529.3	23.9
total	7,386	166.8	100%	\$4,185.0	\$89.3

Source: # of buildings from 9/05 R240 Report of active buildings with assignable space; RSF from STAR as of 9/30/05; FFO and Direct Revenue from InfoWizard FBFx05 model

table 17. leased distribution by square footage

square footage category	# of leases	% of total	rsf <i>in millions</i>	% of total	current annual rent (car) <i>\$ in millions</i>	% of total	car*/rsf (\$)
0	168	2.0	0.0	0.0	19.3	0.5	0.00
1-2,500	1,867	22.1	2.3	1.4	46.7	1.2	20.00
2,501-5,000	1,458	17.2	5.5	3.3	115.5	3.0	21.04
5,001-7,500	1,119	13.2	6.9	4.1	143.0	3.7	20.62
7,501-10,000	761	9.0	6.6	4.0	140.0	3.7	21.13
10,001-20,000	1,337	15.8	18.7	11.2	412.2	10.8	22.04
20,001-40,000	858	10.1	23.9	14.3	553.2	14.5	23.10
40,001-60,000	303	3.6	14.9	8.9	371.3	9.7	24.90
60,001-100,000	283	3.3	21.8	13.0	510.4	13.4	23.42
100,001 +	302	3.6	66.7	39.9	1506.0	39.5	22.57
total	8,456	100%	167.5	100%	3,817.5	100%	\$22.80

*Current Annual Rent represents payments to lessors

** Excludes AX building numbers used for accounting.

Source: # of Leases, RSF, and Current Annual Rent from STAR as of 9/30/05 and represent all leases that are active or active pending change

table 18. current lease performance by type

property type*	rsf <i>in millions</i>	direct revenue <i>\$ in millions</i>	ffo <i>\$ in millions</i>	vacancy rate (%)	current annual rent <i>\$ in millions</i>
office building	140.8	3,725.6	101.7	1.2	3,447.7
warehouse	13.9	124.9	(0.6)	1.9	115.8
other	5.3	109.8	(0.0)	1.0	99.9
courthouse	5.1	134.8	(2.4)	1.1	118.1
border station	1.1	21.4	(1.7)	0.7	16.6
laboratory	0.6	21.9	0.9	1.4	19.5
total	166.8	\$4,138.4	\$97.8	1.2%	\$3,817.5

*In FY05, reconciliation with regions recategorized property types.

Source: Direct Revenue and FFO from InfoWizard FBFx05 model; RSF and Current Annual Rent from STAR as of 9/30/05 and represent all leases that are active or active pending change; Vacancy Rate from 9/05 Vacant Space Report

The Pioneer U.S. Courthouse Portland, OR



table 19. key markets (msa)–including percentage of GSA's leased inventory

	# of locations	% of total	rsf <i>in millions</i>	% of total	ffo \$ <i>in</i> <i>millions</i>	% of total	direct revenue \$ <i>in millions</i>	% of total
washington-arlington-alexandria, dc-va-md-wv	539	7.3	42.5	25.5	22.7	23.2	1,362.8	32.9
new york-wayne-white plains, ny-nj	139	1.9	4.3	2.6	3.9	4.0	195.4	4.7
bethesda-frederick-gaithersburg, md	96	1.3	7.1	4.2	5.1	5.2	168.9	4.1
atlanta-sandy springs-marietta, ga	97	1.3	5.9	3.5	14.9	15.3	115.9	2.8
chicago-naperville-joliet, il	108	1.5	2.5	1.5	1.7	1.7	78.0	1.9
philadelphia, pa	68	0.9	3.8	2.3	4.0	4.1	70.3	1.7
kansas city, mo-ks	59	0.8	4.5	2.7	1.6	1.6	64.7	1.6
los angeles-long beach-glendale, ca	132	1.8	2.5	1.5	1.1	1.1	64.0	1.5
denver aurora, co	82	1.1	3.0	1.8	0.9	1.0	62.3	1.5
baltimore-towson, md	76	1.0	2.9	1.8	2.6	2.7	59.8	1.4
san francisco-san mateo- redwood city, ca	53	0.7	1.7	1.0	1.5	1.6	56.9	1.4
seattle-bellevue-everett, wa	68	0.9	1.7	1.0	0.2	0.2	51.4	1.2
dallas-plano-irving, tx	66	0.9	2.4	1.5	1.5	1.5	51.0	1.2
san diego-carlsbad-san marcos, ca	68	0.9	1.6	1.0	0.4	0.4	48.8	1.2
newark-union, nj-pa	37	0.5	1.4	0.8	1.3	1.4	46.1	1.1
detroit-livonia-dearborn, mi	38	0.5	1.6	0.9	(0.2)	-0.2	44.3	1.1
miami-miami beach-kendall, fl	68	0.9	1.8	1.1	1.8	1.9	43.4	1.1
fresno, ca	36	0.5	1.5	0.9	(1.6)	(1.7)	33.1	0.8
phoenix-mesa-scottsdale, az	63	0.9	1.4	0.8	1.1	1.1	33.0	0.8
ponce, pr	58	0.8	0.9	0.5	1.0	1.0	29.1	0.7
top 20 totals	1,951	26.3	95.0	57.0	65.5	67.0	2,679.4	64.7

Source: MSA's from Office of Management and Budget; # of Buildings and RSF from STAR as of 9/30/05; Direct Revenue and FFO from InfoWizard FBFx05 model

table 20. key markets (msa)–leased inventory vacancy rates

msa	class a market vacancy %	class b market vacancy %	class c market vacancy %	owned GSA rsf vacancy %
washington-arlington-alexandria, dc-va-md-wv	9.5	9.6	9.3	4.1
new york-wayne-white plains, ny-nj	7.8	7.7	5.7	0.4
bethesda-frederick-gaithersburg, md	N/A	N/A	N/A	5.1
atlanta-sandy springs-marietta, ga	15.4	13.5	9.8	5.0
chicago-naperville-joliet, il	19.2	16.6	10.7	9.3
philadelphia, pa	13.8	14.3	12.0	3.8
kansas city, mo-ks	16.5	15.3	12.5	1.0
los angeles-long beach-glendale, ca	12.2	8.5	3.8	1.7
denver aurora, co	15.9	16.8	9.0	0.6
baltimore-towson, md	12.1	14.1	7.1	0.1
san francisco-san mateo- redwood city, ca	16.8	13.8	8.2	0.3
seattle-bellevue-everett, wa	11.6	12.5	7.2	11.0
dallas-plano-irving, tx	17.4	19.4	19.2	0.1
san diego-carlsbad-san marcos, ca	13.3	10.0	6.2	6.7
newark-union, nj-pa	17.7	10.8	8.1	0.0
detroit-livonia-dearborn, mi	15.8	16.0	14.4	0.0
miami-miami beach-kendall, fl	n/a	n/a	n/a	0.1
fresno, ca	n/a	n/a	n/a	0.1
phoenix-mesa-scottsdale, az	10.6	16.7	8.1	0.4
ponce, pr	n/a	n/a	n/a	8.1

Source: MSA's from Office of Management and Budget; Class A, B, & C from COSTAR; Leased Vacancy Rate from 9/05 Vacant Space Report

table 21. core customers—leased inventory

agency	rent \$ in millions	% of total	# of CBRs	% of total	rsf in millions	% of total
justice	679.1	16.8	1,525	13.3	23.4	14.7
judiciary	506.1	12.5	1,662	14.5	17.9	11.3
dhs	400.5	9.9	1,560	13.6	18.2	11.5
treasury	381.6	9.4	712	6.2	16.2	10.2
ssa	242.6	6.0	421	3.7	9.1	5.7
hhs	241.3	6.0	463	4.0	9.9	6.2
defense	162.5	4.0	215	1.9	5.4	3.4
interior	151.5	3.7	779	6.8	7.7	4.8
commerce	148.1	3.7	663	5.8	5.6	3.5
epa	133.9	3.3	690	6.0	6.0	3.8
all others	1,006.6	24.8	2,802	24.4	1.3	0.8
total	\$4,053.7	100%	11,492	100%	158.7	100%

Rent represents total amount billed in FY05; # of CBRs and RSF represent September billing.

Source: InfoWizard PBS05 space model

table 22. income statement—leased inventory

dollars <i>in millions</i>	2001	2002	2003	2004	2005
direct revenue +	\$3,215.5	\$3,448.1	\$3,742.7	\$4,030.2	\$4,185.2
operations and maintenance	58.6	43.1	47.6	45.5	50.3
protection	45.9	69.3	101.4	100.0	0.6
rental of space	2,930.2	3,076.3	3,372.6	3,634.7	3,862.4
real estate	3.1	6.4	11.3	11.9	10.2
repairs and alterations	0.8	1.0	2.2	1.8	4.4
other	3.3	16.3	3.5	3.9	5.2
total GA expenses	182.3	154.7	155.5	151.3	160.8
purchase contracts	2.3	3.2	3.7	3.6	3.5
total funded expenses –	\$3,226.5	\$3,370.1	\$3,697.7	\$3,952.7	\$4,097.4
funds from operations =	\$(11.0)	\$77.9	\$45.0	\$77.4	\$89.3
depreciation –	46.3	35.9	48.2	45.8	28.2
nonFBF outlease rev +	0.1	0.1	0.0	0.0	-
net income	\$(57.2)	\$42.1	\$(3.1)	\$31.7	\$63.1

Source: InfoWizard FBfx05 and FBfx02 models

table 23. profitability of leased locations (ffo)

	locations					
	unprofitable \$ in millions	break even	profitable \$ in millions	unprofitable \$ in millions	break even	
fy00	2,284	9	4,833	(216.3)	-	197.4
fy01	2,453	12	4,548	(157.2)	-	146.6
fy02	1,844	13	5,090	(144.8)	-	223.2
fy03	2,032	31	5,561	(194.6)	-	239.6
fy04	1,538	15	6,111	(153.6)	-	231.1
fy05	1,664	11	6,077	(143.7)	-	236.8

Source: InfoWizard FBFx05 and FBFx02 and represents all leased buildings with revenue and/or expenses in a given FY

table 24. negative NOI leases

region	# of leased locations	rsf <i>in millions</i>	ffo <i>\$ in millions</i>
01 new england	60	0.6	(1.8)
02 northeast & caribbean	66	0.7	(4.8)
03 mid-atlantic	75	1.9	(5.3)
04 southeast sunbelt	168	1.7	(9.1)
05 great lakes	138	1.5	(7.4)
06 heartland	37	0.3	(1.5)
07 greater southwest	207	2.9	(10.2)
08 rocky mountain	54	0.8	(3.0)
09 pacific rim	96	1.7	(9.6)
10 northwest/arctic	46	0.6	(2.1)
11 national capital	163	9.2	(52.8)
total	1,110	21.6	(\$107.8)

Source: InfoWizard FBFn05 model

table 25. lease extensions

region	leases up to 1 year			leases 2-5 yrs		leases 5+ years		total leases		
	expired (fy05)	ext'd.	rsf in millions	ext'd.	rsf in millions	ext'd.	rsf in millions	ext'd.	rsf in millions	% ext'd.
01 new england	84	4	0.2	24	0.1	4	0.0	32	0.3	38
02 northeast & caribbean	129	19	0.2	80	1.0	2	0.0	101	1.2	78
03 mid-atlantic	156	31	0.2	67	0.6	1	0.0	99	0.8	63
04 southeast sunbelt	292	57	0.6	150	1.5	0	0.0	207	2.1	71
05 great lakes	264	45	0.4	146	1.0	4	0.0	195	1.5	74
06 heartland	78	14	0.1	21	0.1	28	0.1	63	0.2	81
07 greater southwest	210	17	0.2	74	0.6	7	0.0	98	0.9	47
08 rocky mountain	90	18	0.0	43	0.3	5	0.1	66	0.4	73
09 pacific rim	266	31	0.5	143	1.1	1	0.4	175	2.0	66
10 northwest/arctic	119	24	0.1	34	0.2	15	0.1	73	0.4	61
11 national capital	156	16	0.8	28	1.0	3	0.2	47	2.0	30
nationwide	1,844	276	3.3	810	7.6	70	0.9	1,156	11.8	63%

Source: STAR as of 9/30/05

table 26. lease expirations by region

fy of expiration	fy06	fy07	fy08	fy09	fy10	fy11+	total
region 1—new england							
# of leases	53	34	39	49	26	112	313
current annual rent <i>in millions</i>	\$18.1	\$2.8	\$17.2	\$10.4	\$4.1	\$45.3	\$97.9
rsf (lease) <i>in millions</i>	0.7	0.1	0.7	0.4	0.2	1.9	4.1
average lease term	9.3	8.7	8.1	12.5	9.7	11.6	10.5
region 2—northeast and caribbean							
# of leases	113	63	77	47	33	209	542
current annual rent <i>in millions</i>	\$30.4	\$26.9	\$20.1	\$17.5	\$10.6	\$199.4	\$305.0
rsf (lease) <i>in millions</i>	1.3	0.9	0.8	0.8	0.3	5.1	9.1
average lease term	10.7	9.1	8.0	7.4	9.3	11.0	9.9
region 3—mid-atlantic							
# of leases	115	85	113	67	63	327	770
current annual rent <i>in millions</i>	\$19.1	\$17.4	\$31.9	\$12.8	\$14.7	\$171.7	\$267.5
rsf (lease) <i>in millions</i>	1.4	1.1	2.0	0.8	1.2	9.7	16.2
average lease term	10.2	10.1	8.7	10.3	10.4	11.5	10.5
region 4—southeast sunbelt							
# of leases	269	188	169	132	123	582	1463
current annual rent <i>in millions</i>	\$40.3	\$39.4	\$26.0	\$34.8	\$25.2	\$241.8	\$407.6
rsf (lease) <i>in millions</i>	2.7	2.2	1.6	2.1	1.4	12.1	22.1
average lease term	7.9	8.1	7.8	8.4	8.7	11.3	9.4
region 5—great lakes							
# of leases	221	135	103	77	68	379	983
current annual rent <i>in millions</i>	\$40.5	\$19.5	\$16.0	\$13.7	\$19.9	\$159.1	\$268.6
rsf (lease) <i>in millions</i>	2.0	1.0	0.8	1.5	0.8	6.8	12.9
average lease term	9.9	10.1	8.6	8.2	9.0	13.8	11.1
region 6—heartland							
# of leases	66	38	40	34	48	131	357
current annual rent <i>in millions</i>	\$8.0	\$7.1	\$6.7	\$7.8	\$15.6	\$61.5	\$106.6
rsf (lease) <i>in millions</i>	0.7	0.4	0.4	0.5	0.9	4.5	7.4
average lease term	9.2	10.3	10.4	14.3	9.6	12.7	11.3

table 26. lease expirations by region (continued)

fy of expiration	fy06	fy07	fy08	fy09	fy10	fy11+	total
region 7—greater southwest							
# of leases	147	150	89	91	66	406	949
current annual rent <i>in millions</i>	\$21.1	\$32.0	\$14.6	\$16.3	\$9.4	\$174.0	\$267.4
rsf (lease) <i>in millions</i>	1.5	2.0	0.9	1.1	0.5	9.3	15.3
average lease term	8.8	9.5	8.3	8.8	8.8	12.5	10.5
region 8—rocky mountain							
# of leases	87	65	64	47	49	186	498
current annual rent <i>in millions</i>	\$12.6	\$7.5	\$11.8	\$11.4	\$4.0	\$84.8	\$132.1
rsf (lease) <i>in millions</i>	0.8	0.4	0.7	0.6	0.3	4.3	7.1
average lease term	8.7	8.1	7.5	8.6	9.1	12.9	10.1
region 9—pacific rim							
# of leases	211	164	122	68	66	341	972
current annual rent <i>in millions</i>	\$57.3	\$45.6	\$32.3	\$29.5	\$20.0	\$205.0	\$389.8
rsf (lease) <i>in millions</i>	2.2	1.9	1.3	1.1	0.7	7.4	14.7
average lease term	9.1	8.8	7.9	8.9	9.1	11.7	9.8
region 10—northwest/arctic							
# of leases	98	91	103	93	72	120	577
current annual rent <i>in millions</i>	\$18.1	\$11.5	\$12.4	\$15.0	\$24.4	\$58.7	\$140.1
rsf (lease) <i>in millions</i>	0.7	0.5	0.6	0.8	1.0	2.6	6.2
average lease term	6.7	7.2	7.3	8.7	8.5	11.7	8.5
region 11—national capital							
# of leases	130	107	109	115	66	213	740
current annual rent <i>in millions</i>	\$141.6	\$143.5	\$182.7	\$139.1	\$115.2	\$633.2	\$1,355.2
rsf (lease) <i>in millions</i>	5.7	5.5	6.5	5.2	4.9	21.2	48.9
average lease term	7.1	7.7	7.6	8.1	8.7	11.6	8.8
nationwide							
# of leases	1,510	1,120	1,028	820	680	3,006	8,164
current annual rent <i>in millions</i>	\$407.1	\$353.2	\$371.7	\$308.3	\$263.0	\$2,034.5	\$3,737.9
rsf (lease) <i>in millions</i>	19.6	16.2	16.3	14.9	12.2	84.9	164.1
average lease term	8.8	8.8	8.1	9.1	9.1	12.0	10.0

portfolio
fy05 regional
factsheets

The Pioneer U.S. Courthouse Portland, OR



Sources for all the regional factsheets:

of buildings from 9/05 R240 Report of active buildings with assignable space;

of CBRs from STAR as of 9/30/05;

rsf from STAR as of 9/30/05;

vacancy rate from 9/05 Vacant Space Report;

direct revenue from InfoWizard FBFx05 model;

ffo from InfoWizard FBFx05 model;

core assets from Regional Core Asset Analysis, Portfolio Analysis Division, Office of Real Property Asset Management;

tiering results from Asset Business Strategies Division, Office of Real Property Asset Management;

of leases (total, expiring, extended) from STAR as of 9/30/05 and represent all leases that are active or active pending change;

negative NOI and excess revenue from InfoWizard FBFn05 model



region 1. new england

portfolio		leased	owned	total
	# of bldgs.	309	96	405
	# of CBRs	443	433	876
	rsf <i>in millions</i>	4.4	6.2	10.6
	% of nationwide total	2.6%	3.5%	3.1%
	vacancy rate	0.7%	15.6%	9.5%
financials	direct revenue <i>in millions</i>	\$107.7	\$165.9	\$273.7
	ffo	\$2.6	\$105.8	\$108.4
	% of nationwide total	2.8%	6.3%	6.2%

core assets	% of bldgs.	
	core performing	50.5
	core under/non-performing	2.2
	disposal	14.0
tiering	transition	33.3
	# of owned bldgs.	rsf
	tier 1	19 4,082,375
	tier 2a	5 1,215,543
	tier 2b	3 104,754
leased	tier 3	17 578,572
	# of leases	
	regional total	345
	expired in fy05	54
	extended	17
	# of leased locations	
	negative NOI	60
	% of regional total	18.5%
	excess revenue	70
	% of regional total	21.5%



region 2. northeast & caribbean

portfolio		leased	owned	total
	# of bldgs.	456	62	518
	# of CBRs	669	718	1,387
	rsf <i>in millions</i>	9.3	12.6	21.9
	% of nationwide total	5.6%	7.2%	6.4%
financials	vacancy rate	1.7%	3.5%	2.8%
	direct revenue <i>in millions</i>	\$348.4	\$352.4	\$700.7
	ffo	\$11.0	\$138.6	\$149.6
	% of nationwide total	11.8%	8.3%	8.5%

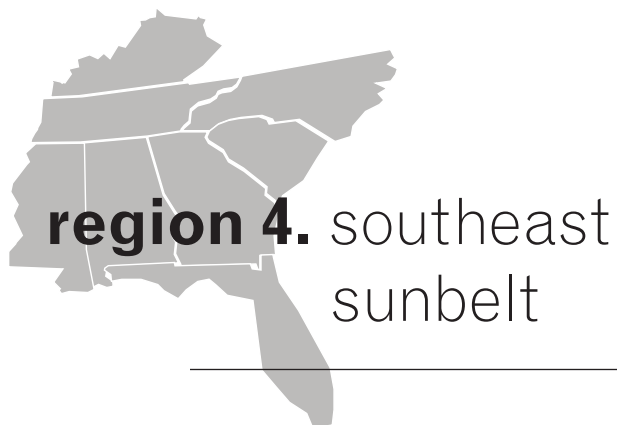
	% of bldgs.		
	core performing		69.4
	core under/non-performing		1.6
	disposal		19.4
	transition		9.7
	# of owned bldgs.		rsf
	tier 1	19	4,082,375
	tier 2a	5	1,215,543
	tier 2b	3	104,754
	tier 3	17	578,572
	# of leases		
	regional total		558
	expired in fy05		120
	extended		85
	# of leased locations		
	negative NOI		66
	% of regional total		13.8%
	excess revenue		92
	% of regional total		19.2%



region 3. mid-atlantic

portfolio		leased	owned	total
	# of bldgs.	660	105	765
	# of CBRs	1,051	686	1,737
	rsf <i>in millions</i>	16.2	16.8	33
	% of nationwide total	9.7%	9.6%	9.6%
	vacancy rate	1.0%	9.1%	5.1%
financials	direct revenue <i>in millions</i>	\$292.0	\$240.9	\$532.8
	ffo	\$8.7	\$124.2	\$132.8
	% of nationwide total	9.3%	7.4%	7.5%

core assets	% of bldgs.	
	core performing	58.9
	core under/non-performing	7.5
	disposal	14.0
tiering	transition	19.6
	# of owned bldgs.	rsf
	tier 1	19 4,082,375
	tier 2a	5 1,215,543
	tier 2b	3 104,754
	tier 3	17 578,572
leased	# of leases	
	regional total	791
	expired in fy05	143
	extended	64
	# of leased locations	
	negative NOI	75
	% of regional total	10.6%
	excess revenue	114
	% of regional total	16.1%



portfolio		leased	owned	total
	# of bldgs.	1351	141	1492
	# of CBRs	1,909	1,468	3,377
	rsf <i>in millions</i>	22.6	17	39.6
	% of nationwide total	13.5%	9.7%	11.6%
	vacancy rate	1.4%	5.4%	3.2%
financials	direct revenue <i>in millions</i>	\$457.2	\$244.3	\$701.5
	ffo	\$22.7	\$110.6	\$133.3
	% of nationwide total	28.5%	6.4%	7.6%

core assets	% of bldgs.	
	core performing	57.7
	core under/non-performing	20.1
	disposal	14.8
	transition	7.4

tiering	# of owned bldgs.		rsf
	tier 1	66	4,082,375
	tier 2a	1	589,075
	tier 2b	9	1,801,413
	tier 3	54	1,950,889

leased	# of leases	
	regional total	1,489
	expired in fy05	280
	extended	158
	# of leased locations	
	negative NOI	168
	% of regional total	12.0%
	excess revenue	263
	% of regional total	18.7%



region 5. great lakes

portfolio		leased	owned	total
	# of bldgs.	843	138	981
	# of CBRs	1,334	1,252	2,586
	rsf <i>in millions</i>	13	20.7	33.8
	% of nationwide total	7.8%	11.8%	9.9%
	vacancy rate	1.0%	7.2%	4.8%
financials	direct revenue <i>in millions</i>	\$315.3	\$321.6	\$636.9
	ffo	\$1.2	\$157.2	\$158.4
	% of nationwide total	1.3%	9.4%	9.0%

core assets	% of bldgs.	
	core performing	55.5
	core under/non-performing	21.9
	disposal	19.0
tiering	transition	3.6
	# of owned bldgs.	rsf
	tier 1	81 12,075,044
	tier 2a	7 3,360,540
	tier 2b	2 592,512
	tier 3	58 4,725,170
leased	# of leases	
	regional total	1,008
	expired in fy05	245
	extended	151
	# of leased locations	
	negative NOI	138
	% of regional total	14.7%
	excess revenue	85
	% of regional total	9.1%

region 6. heartland

portfolio		leased	owned	total
	# of bldgs.	343	61	404
	# of CBRs	550	636	1,186
	rsf <i>in millions</i>	7.5	12.2	19.7
	% of nationwide total	4.5%	6.9%	5.8%
	vacancy rate	0.8%	8.9%	5.9%
financials	direct revenue <i>in millions</i>	\$118.6	\$139.2	\$257.8
	ffo	\$2.3	\$51.6	\$53.9
	% of nationwide total	2.5%	3.1%	3.1%

	% of bldgs.	
	core performing	23.1
	core under/non-performing	32.3
	disposal	16.9
	transition	27.7
	# of owned bldgs.	rsf
	tier 1	22 7,228,265
	tier 2a	1 346,741
	tier 2b	4 330,494
	tier 3	42 4,278,141
	# of leases	
	regional total	368
	expired in fy05	72
	extended	54
	# of leased locations	
	negative NOI	37
	% of regional total	10.4%
	excess revenue	37
	% of regional total	10.4%



region 7. greater southwest

portfolio		leased	owned	total
	# of bldgs.	893	332	1225
	# of CBRs	1,286	1,416	2,702
	rsf <i>in millions</i>	15.6	16.1	31.7
	% of nationwide total	9.4%	9.2%	9.3%
	vacancy rate	0.8%	5.6%	3.3%
financials	direct revenue <i>in millions</i>	\$286.1	\$226.7	\$512.8
	ffo	\$4.3	\$116.1	\$120.4
	% of nationwide total	4.6%	7.0%	6.8%

core assets	% of bldgs.	
	core performing	79.4
	core under/non-performing	10.3
	disposal	7.3
tiering	transition	3.0
	# of owned bldgs.	rsf
	tier 1	19 9,293,924
	tier 2a	5 1,197,039
	tier 2b	3 101,974
	tier 3	17 3,440,559
leased	# of leases	
	regional total	1,009
	expired in fy05	167
	extended	74
	# of leased locations	
	negative NOI	207
	% of regional total	21.8%
	excess revenue	125
	% of regional total	13.2%



region 8. rocky mountain

portfolio		leased	owned	total
	# of bldgs.	486	169	655
	# of CBRs	793	776	1,569
	rsf <i>in millions</i>	7.2	9.9	17.1
	% of nationwide total	4.3%	5.6%	5.0%
	vacancy rate	0.4%	7.8%	4.7%
financials	direct revenue <i>in millions</i>	\$144.3	\$140.7	\$285.0
	ffo	\$2.1	\$66.2	\$68.3
	% of nationwide total	2.3%	4.0%	3.9%

core assets	% of bldgs.	
	core performing	55.1
	core under/non-performing	7.9
	disposal	19.1
tiering	transition	18.0
	# of owned bldgs. rsf	
	tier 1	19 7,185,336
	tier 2a	5 381,525
	tier 2b	3 829,284
	tier 3	17 1,188,779
leased	# of leases	
	regional total	514
	expired in fy05	86
	extended	54
	# of leased locations	
	negative NOI	54
	% of regional total	11.2%
	excess revenue	51
	% of regional total	10.6%



region 9. pacific rim

portfolio		leased	owned	total
	# of bldgs.	900	166	1,066
	# of CBRs	1,373	980	2,353
	rsf <i>in millions</i>	15.2	17.5	32.7
	% of nationwide total	9.1%	10.0%	9.5%
	vacancy rate	0.6%	6.3%	3.7%
financials	direct revenue <i>in millions</i>	\$431.9	\$417.9	\$849.7
	ffo	\$9.0	\$262.7	\$271.7
	% of nationwide total	9.7%	15.7%	15.4%

core assets	% of bldgs.	
	core performing	73.8
	core under/non-performing	5.4
	disposal	16.1
tiering	transition	4.8
	# of owned bldgs.	rsf
	tier 1	61 13,442,728
	tier 2a	6 1,174,759
	tier 2b	5 46,616
	tier 3	6 1,109,582
leased	# of leases	
	regional total	1,015
	expired in fy05	253
	extended	149
	# of leased locations	
	negative NOI	96
	% of regional total	10.1%
	excess revenue	106
	% of regional total	11.1%



region 10. northwest arctic

portfolio		leased	owned	total
	# of bldgs.	533	110	643
	# of CBRs	1,126	658	1,784
	rsf <i>in millions</i>	6.3	9.1	15.4
	% of nationwide total	3.8%	5.2%	4.5%
	vacancy rate	1.1%	7.1%	4.6%
financials	direct revenue <i>in millions</i>	\$154.4	\$158.0	\$312.4
	ffo	\$1.5	\$94.0	\$95.5
	% of nationwide total	1.6%	5.6%	5.4%

core assets	% of bldgs.	
	core performing	61.8
	core under/non-performing	5.5
	disposal	4.5
	transition	28.2

tiering	# of owned bldgs.		rsf
	tier 1	44	6,187,566
	tier 2a	1	370,256
	tier 2b	0	0
	tier 3	23	2,177,734

leased	# of leases	
	regional total	596
	expired in fy05	107
	extended	49
	# of leased locations	
	negative NOI	46
	% of regional total	8.3%
	excess revenue	66
	% of regional total	11.9%

region 11. national capital

portfolio		leased	owned	total
	# of bldgs.	612	154	766
	# of CBRs	958	334	1,292
	rsf <i>in millions</i>	49.4	37.7	87.1
	% of nationwide total	29.6%	21.4%	25.4%
	vacancy rate	1.7%	5.6%	3.4%
financials	direct revenue <i>in millions</i>	\$1,529.3	\$837.3	\$2,366.6
	ffo	\$23.9	\$439.9	\$463.8
	% of nationwide total	25.7%	26.4%	26.3%

core assets	% of bldgs.	
	core performing	50.3
	core under/non-performing	19.4
	disposal	9.7
tiering	transition	20.6
	# of owned bldgs.	rsf
	tier 1	123 26,063,555
	tier 2a	7 7,565,430
	tier 2b	12 1,800,090
	tier 3	35 5,208,665
leased	# of leases	
	regional total	763
	expired in fy05	141
	extended	34
	# of leased locations	
	negative NOI	163
	% of regional total	27.9%
	excess revenue	179
	% of regional total	30.1%

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